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of Inquiry.

Report

1945



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Ontario Agricultural Commission  
of Inquiry

REPORT OF THE  
ONTARIO AGRICULTURAL  
COMMISSION OF INQUIRY

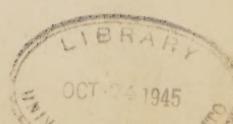
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JANUARY 22, 1945.

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January 22, 1945.

TO THE HONOURABLE THE MINISTER OF AGRICULTURE FOR ONTARIO:

Sir,

I beg to transmit herewith a report on the activities and decisions of the Agricultural Commission of Inquiry up to January 22, 1945.

Briefly, this report sets out:

- (a) The formation and organization of the Commission.
- (b) A statement of the specific aims, purposes and objectives adopted by the Commission.
- (c) The manner adopted for division of the whole field of Inquiry among Committees, and the part allotted to each.
- (d) A record of the time devoted to Inquiry, the areas of the Province visited, and the number of representations heard and received.
- (e) A statement of the specific recommendations from time to time made to your Government, and of the certain informal suggestions made on matters requiring immediate consideration by your Department.
- (f) The Commission's final report on each of the following: Soil Conservation, Agricultural Credit, Education, Rural Youth Organization, County Committee Organization, and some additional recommendations on Live Stock and Dairy problems.
- (g) A background memorandum on some of the economic considerations underlying General Floor Price Policy.

The Commission regrets that it has not been able to include in this report a finalized section on Agricultural Marketing. A major portion of the ~~basic~~ inquiry into this complex subject has been completed. The remaining portion requires the devotion of a little more time by the smaller committees engaged therein. That being completed, the presentation of an adequate report demands a few days concentration in sessions at which all members of the Commission must be present. Moreover, the impact of war-time measures for purposes both of stimulation of production and for control of customary peace-time marketing policies imposes the need of special care in the making of specific recommendations in this field, as well as in the method of applying the underlying principles that are typical of the economic freedom of peace-time.

Respectfully yours,

A. Leitch,  
Chairman.



JANUARY 22, 1945.

The Ontario Agricultural Commission of Inquiry was established by order of the Lieutenant-Governor-in-Council on September 22, 1943, in accordance with the recommendations of a conference of representatives of all agricultural organizations in Ontario, held at the Royal York Hotel, Toronto, on September 2 and 3, 1943, and attended by some 500 farm representatives. This conference not only recommended that such a Commission of Inquiry be appointed but also adopted resolutions setting forth the manner in which its members should be selected, and naming the members chosen by the various groups to represent them. The basis of representation on the Commission, as decided by the Conference, was as follows:

(1) The Ontario Federation of Agriculture and the commodity groups and associations affiliated therewith, including the following:

(a) Women's Institutes. (b) United Farm Women of Ontario. (c) Ontario Cheese Producers' Association. (d) Ontario Concentrated Milk Producers Association. (e) Ontario Whole Milk League. (f) Ontario Beef Cattle Producers' Association. (g) Ontario Hog Producers' Association. (h) Ontario Field Crop Improvement Association. (i) Ontario Association of Agricultural Societies. (j) Ontario Beekeepers' Association. (k) Ontario Fruit Growers' Association. (l) Ontario Vegetable Growers' Association. (m) Ontario Plowmens' Association.....10 members.

(2) The following Pure Bred Live Stock Associations:- (a) Ontario Horse Breeders' Association. (b) Ontario Cattle Breeders Association. (c) Ontario Swine Breeders' Association. (d) Ontario Sheep Breeders Association..... 3 members.

(3) The following special crop associations:- (a) Ontario Sugar Beet Growers' Association. (b) All Corn Growers' Associations. (c) Ontario Bean Growers' Association. (d) Ontario Burley Tobacco Growers' Association..... 2 members.

(4) Ontario Flue-Cured Tobacco Growers' Association..... 1 member

(5) Ontario Poultry Industry Committee..... 1 member.

(6) Ontario Agricultural Council..... 1 member.

(7) Rural Youth Groups of Ontario..... 1 member.

(8) Northern Ontario - 2 members, to be appointed by the Minister of Agriculture.

(9) Chairman to be appointed by the Minister of Agriculture.

These decisions of the Agricultural Conference were made effective by the Order-in-Council setting up the Commission and establishing its powers and responsibilities. For the purposes of this report, it is deemed advisable to include a copy of the Order of the Lieutenant-Governor-in-Council, so that the terms of reference to the Commission may be clearly understood.

#### COPY OF ORDER-IN-COUNCIL

"Copy of an Order-in-Council approved by the Honourable the Lieutenant-Governor, dated the 22nd day of September, A.D. 1943.  
"Upon the recommendation of the Honourable the Minister of Agriculture, the Committee of Council advise that, pursuant to the provisions of the Public Inquiries Act, R.S.O. 1937, Chapter 19, a Commission be issued to the following persons:

Archibald Leitch  
Howard Craise  
M.M. Robinson  
W. Montgomery  
Mrs. C. Holmes  
Harry Scott  
Roy Lick  
Stewart Brown

Guelph  
St. Catharines  
Burlington  
Carrying Place  
Belleville  
Norwich  
Oshawa  
Shelburne



W. Breckon	Freeman
M.B. Cochran	Almonte
Alex McKinney, Jr.	Brampton
W. A. Dryden	Brooklin
James Henderson	Portsmouth
Charles Boynton	Gormley
W. L. Whyte	Seaforth
N. A. Fletcher	Hannon
Floyd Griesbach	Collingwood
Harry Wilson	Charing Cross
Harold Huffman	Blenheim
R. J. Scott	Belgrave
Grant Mitchell	Eden

" appointing them a Commission of Inquiry to inquire into

- "(a) the necessity for and the method of providing credit for agricultural purposes;
- "(b) the education necessary for a successful agricultural and a satisfactory country life;
- "(c) the organization required for profitable production and marketing of farm products;
- "(d) the costs and methods of producing, marketing, distributing transporting and processing farm products;
- "(e) prices, price spreads, trade practices, supplies, methods of financing, labour problems and other matters relating to the production and marketing of farm products;

for the purpose of preparing recommendations which would improve the status of farmers and generally to make such other recommendations in the premises as would appear to be in the best interest of all parties concerned.

"The Committee further advise that the terms of the aforesaid Commission confer powers on the Commissioners to summon any person or corporation and require them to give evidence on oath and to produce such documents and things as the said Commissioners deem requisite for the full investigation of the matters into which they are appointed to examine and that a subpoena may issue for such purpose signed by the Chairman of the said Commissioners.

"And the Committee further advise that the said Commission temporarily include the following persons, to represent Northern Ontario:

N. C. Allen	Heaslip
Alex W. Pope	LaVallee

"And the Committee further advise that the said Archibald Leitch be appointed Chairman of the said Commission.

"Certified.

"Signed (C.F.Bulmer.)

Clerk, Executive Council."

Since the appointment of the Commission, there have been two changes in its personnel. On January 31, 1944, W.L. Whyte, the representative of the poultry interests of Ontario, resigned, and he was replaced on February 14, 1944, by Professor R.W. Graham. At the request of the Farm Women's Organizations, an additional woman member was added to the Commission, and Mrs. W.H. Hamilton of Glasgow Station, the nominee of the executive of the Ontario Federation of Agriculture, was appointed on December 21, 1943.

Since its appointment, the Commission and its sub-committees have held 121 days of meetings. Most of the investigational work of the Commission was done through the sub-committees, which are enumerated later in this report. These committees have shown commendable zeal in prosecuting the inquiries assigned to them under



the terms of reference. While the majority of the meetings of the Commission and its committees have been held in Toronto, meetings were also held at the following places throughout the Province: Clinton, Chatham, London, Kingston, Renfrew, Kemptville, North Bay, New Liskeard, Matheson, Cochrane, Hearst, Dryden, Rainy River, Emo and Port Arthur. Committees of the Commission attended these meetings and heard representations by agricultural groups in the districts covered by them. These sessions were found extremely valuable in bringing before the Commission the special problems of the agricultural interests in various sections of the Province.

In all, some 215 different organizations or groups or official bodies presented briefs to the Commission, most of them by personal appearance of delegations or representatives. These included farm organizations of men, women and young people, industrial and commercial firms and interests, branches of the federal and provincial governments, commercial interests and other bodies allied with the agricultural industry. In addition, many individuals appeared before the Commission by request, and made valuable contributions to its investigations. The Commission appreciates the splendid co-operation it received from all of those organizations, firms, groups or individuals appearing before it. Cooperation is also due to the willingness with which officials of the Federal and Provincial Departments of Agriculture and other departments of government came forward freely and frankly and placed the results of their experience and knowledge at the disposal of the Commission.

#### ORGANIZATION OF THE COMMISSION

At its first meeting, the Commission made a general survey of the field to be included under the terms of reference, and divided the problems and projects for study into three categories. These can be stated as follows:

- (1) Matters requiring immediate attention in the interests of maintaining and increasing farm production in 1944.
- (2) Matters of less immediate urgency, but pertaining to specific branches of the agricultural industry, such as livestock, grain and field crops, dairy farming and fruits, vegetables and special crops.
- (3) Matters of an overall character, and which would require extensive study in order that recommendations of a long term nature and affecting some of the basic factors in agricultural improvement might be developed. This class of problems included such matters as farm credit and finance, rural education, health and youth organization, marketing, distribution and organization, and soil conservation and improvement.

At its early sessions, the Commission gave consideration to many of the problems of immediate urgency, and presented recommendations covering the most pressing. It also had before it a large volume of briefs and resolutions from various branches of the agricultural industry, and on a classification of these being made, the pattern which would have to be followed in dealing with them became apparent. Owing to the size of the Commission, it became obvious that all studies and inquiries could not be expeditiously conducted by the Commission sitting as a body, and that it was necessary to break the Commission down into suitable committees to make investigations and conduct studies. Having in mind the categories into which agricultural problems had been classified, the Commission therefore appointed the following committees:

1. Livestock Committee.
2. Dairy Committee.
3. Grain and Field Crop Committee.
4. Fruit, Vegetables and Special Crops Committee.

(These committees were charged with a study of all matters coming under Category 2, above, with special attention to the problems of production and such matters relating to marketing, distribution and organization as were not of an overall character.)

5. Farm Credit and Finance Committee.
6. Rural Education, Health and Youth Organization Committee.
7. Marketing, Distribution and Organization Committee.
8. Soil Conservation and Improvement Committee.



(These committees undertook studies into the matters included in Category 3, above, which required a more extensive and long-term study, because by their very nature, the problems to be dealt with were those which affected the basic structure of agricultural life and which required far-reaching inquiry in order that a strong foundation for an improved agriculture might be established.

Later the need for a special committee to deal with the problems of Farm Labour became apparent, and such a committee was appointed.

Having made this preliminary survey of the field of its inquiries, the Commission summarized its aims and purposes into the following statement which was adopted at its meeting on November 22, 1943.

#### PURPOSES AND AIMS OF THE COMMISSION

1. To review all phases of existing methods of production and marketing of farm products in Ontario, including soil conservation,
2. To survey the present systems of youth and adult education, with particular emphasis on their suitability to the needs of farm life in Ontario; and to study ways and means whereby health and living conditions in rural Ontario may be improved.
3. To inquire into the possibilities for strengthening the economic position of Ontario farmers that exist in the realm of farmer and community organization for orderly marketing, for intelligently directing the inevitable increase of mechanization of farms, for the supply of improved credit facilities in agriculture and for the introduction of stability in farm prices.
4. To make recommendations based on findings from the above inquiries to appropriate governmental bodies and agencies, farm organizations and committees charged with the responsibility of giving effect to plans for the betterment of agriculture.
5. For the duration of the war to further the greatest possible production of needed foods; to ensure an adequate supply of farm labour and machinery as conditions will permit; to promote the fullest understanding among producers of the workings of wartime controls and to assist the administration thereof in making appropriate and necessary workable modifications.
6. Toward accomplishing these aims and purposes, committees have been formed and various phases of the programmatic above indicated have been handed these committees and in respect to some of these matters, a plan for organizing inquiries therein has been adopted.

On the basis of the above statement, the Commission proceeded with its work. First priority was given to questions related to the immediate problems of 1944 agricultural production, and the needs of the United Nations for food supplies to prosecute the war effort. Second priority was given to the committees dealing with specific crops and commodities and to pressing problems of a general character. Consideration of the long-term overall matters assigned to the Commission was thus deferred until the more immediate matters could be cleared away. These matters involved some exhaustive inquiries into several fields of agriculture, and brought from the committees recommendations for the consideration of the Commission as a whole. Since this Commission was established entirely as a Commission of Inquiry, a fact-finding body with no powers of execution, its findings have been from time to time submitted to the Minister of Agriculture for his examination and for whatever action the Government might see fit to make.

In this field of the Inquiry, some 30 recommendations and reports were adopted by the Commission and forwarded to the Minister of Agriculture. These are largely the result of committed investigation, as a result of which the recommendations and reports were presented to the Commission and approved. The recommendations coming within this field, along with some general recommendations emanating from the Commission as a whole, with the dates on which they were adopted for presentation to the Minister of Agriculture, are contained in the next section of this report.

An interim report of the Commission, embodying all recommendations made up to that time, and reviewing the progress of the Inquiry was presented to the Minister of Agriculture on February 28, 1944. The material in that report, is included in this report.



RECOMMENDATIONS FORWARDED TO THE MINISTER

Prepared by the Grain and Field Crop Committee.

RE SEED GRAIN - Adopted September 30, 1943.

For the Ontario Department of Agriculture.

(a) That a strong advertising campaign be carried on to stimulate the farm to farm movement of seed grain.

(b) That freight assistance be granted on shipments of seed grain from Northern Ontario and Western Canada to Southern Ontario.

(c) That the Government purchase a quantity of suitable varieties of Registered or Certified No. 1 seed from Western Canada for holding purposes.

For the Dominion Department of Agriculture.

(1) That the regulations be relaxed to permit the sale of mixtures of barley and oats for seed.

(2) That the fees for grading of seed samples be cancelled for the present to encourage grading of seed.

RE FEED GRAIN SUBSIDIES - Adopted September 30, 1943.

That the Commission recommend to the Provincial and Federal Government that the subsidies on feed grain from Western Canada be continued at the rate prevailing in September until December 31, 1943.

RE WINTER WHEAT PRICE CEILING - Adopted November 10, 1943.

Whereas the price of No. 5 Western Feed Wheat is approximately equal to the price of Ontario Winter Wheat, with the result that Ontario Winter Wheat is being fed on Eastern Farms and not marketed and;

Whereas the Ontario growers are in danger of losing the substantial trade in Ontario Winter Wheat for pastry flour which they have built up over a period of years, and;

Whereas if Western Wheat be substituted for Ontario Wheat for pastry flour purposes, it will mean a subsidy from 77 5/8 cents a bushel to the market price, whereas if sufficient Ontario wheat be marketed to supply the normal market for Ontario Winter Wheat flour, it would mean a recommended subsidy of only 32 cents per bushel on the wheat marketed and;

Whereas we believe Ontario farmers are unwilling to trade Winter Wheat for No. 5 Western feed wheat unless a margin of at least \$10.00 a ton difference be maintained, and;

Whereas it is desirable that, due to a ceiling price on Ontario Winter Wheat and no ceiling price on Western Wheat, that in the event of further increases in Western Wheat prices, comparable prices should be maintained for Ontario Winter Wheat,

**THEREFORE WE RECOMMEND:**

(1) That the price of Ontario Winter Wheat be raised from \$1.26 to \$1.46 per bushel, Montreal basis, and

That the drawback on Western feed wheat be increased from eight cents to twenty cents a bushel to Eastern livestock feeders,  
OR, AS AN ALTERNATIVE:

(2) That the ceiling price of Ontario winter wheat be raised by 32 cents a bushel.

RE FIELD CROP COMPETITION GRANTS - Adopted January 4, 1944.

That this Commission recommend that the special grants to agricultural societies for field crop competitions be restored and that the legislative amendments necessary to accomplish this be enacted.

Prepared by the Live Stock Committee.

RE PAYMENT OF HOG SUBSIDIES - Adopted September 30, 1943.

That the present method of payment of hog subsidies be modified or changed so that the payment can be made by the buyer of the hog at the time of return of the grading sheet.

RE SHIPPI NG FEVER - Adopted September 30, 1943.

That the Minister of Agriculture for Ontario be asked to instruct the County Agricultural Representatives in areas into which cattle are usually brought to put on an educational campaign regarding treatment of shipping fever and foul-in-the-foot of cattle.



RE BACON HOG SITUATION - Adopted November 12, 1943.

Whereas the bacon hog in Ontario and indeed in all Canada has been deteriorating in quality and

Whereas the hog industry in our judgment must remain one of the basic industries of our Province;

THEREFORE WE RECOMMEND: That the Minister of agriculture for Ontario urge that the already established policy of two-year bacon contracts be continued and that they be reviewed annually.

That the most complete and authoritative information regarding the industry and the overseas market be made available to producers at all times.

That adequate steps be taken in conjunction with other Provincial Governments and the Federal Government, by providing a substantial additional premium of not less than \$1.00 for "A" hogs and 50 cents for B1 hogs, to arrest and reverse the present trend to inferior quality and lessened quantity.

RE BANG'S DISEASE - Adopted November 12, 1943.

1. That the services of vaccination of heifer calves against Bang's Disease be extended and made more widely available to the farmers of Ontario for their herds, and

2. That an extensive educational campaign be initiated to acquaint the farmers of Ontario with the advantages of inoculation against Bang's Disease.

RE FAT STOCK SHOW - Adopted February 14, 1944.

Whereas the Annual Fat Stock Show at the Union Stockyards was of direct benefit to the livestock producers of the Province in stimulating interest in the development of high quality market stock, and

Whereas Fat Stock Shows are still being conducted in other Provinces of the Dominion, to the benefit of the livestock producers in these Provinces,

THEREFORE THIS COMMISSION STRONGLY RECOMMENDS That immediate steps be taken by the Ontario Department of Agriculture to re-establish the Annual Fat Stock Show this year.

BILL OF LADING AND LICENSING FOR LIVESTOCK TRUCKERS -

Adopted February 25, 1944.

That this Commission recommend to the Government of the Province of Ontario, through the Honourable the Minister of Agriculture, that the present general provisions regarding a combined bill of lading and manifest contained in the regulations respecting the licensing of Public Commercial Vehicles be enforced, and

That an addition be made to these regulations, so that shippers and receivers of livestock who ship and receive such livestock, without a bill of lading and manifest shall be made liable to penalties, and

That provision be made for the issuing of a special license which must be held by all persons engaged in the trucking of livestock for hire in Ontario, which license shall be subject to a nominal fee, and

That the administration of such special license be placed under the jurisdiction of the appropriate branch of the Ontario Department of Agriculture.

RE HORN MONEY PAYMENTS - Adopted February 25, 1944.

That the Commission Recommends to the Minister of Agriculture for Ontario that legislation be enacted whereby the amount of \$1.00 per head deducted by the packers for horned cattle be paid over to the Government of the Province of Ontario, the monies derived therefrom to be placed in a special fund, which shall be used by the Ontario Department of Agriculture for the promotion of livestock improvement, including the de-horning of cattle, the provision of better sires, warble fly control, etc., in the Province of Ontario, and

FURTHER, that this fund shall be in addition to the regular annual appropriations of the Department of Agriculture for such purposes.

RE MASTITIS TREATMENT INVESTIGATIONS - Adopted February 25, 1944.

That this Commission recommends to the Minister of Agriculture for Ontario that the Ontario Veterinary College be directed to make adequate and proper tests and investigations to determine the



effectiveness of the mastitis treatment developed by Dr. D.H. Arnett of London, and that if further staff and finances are required for the conduct of these investigations, that these be placed at the disposal of the Ontario Veterinary College.

EXPERIMENTATION FACILITIES, O.V.C. - Adopted February 25, 1944.

That this Commission recommend to the Minister of Agriculture for Ontario that the Ontario Veterinary College be provided with adequate facilities, personnel and financial assistance to carry on experiments and investigations in connection with the diseases of farm animals in Ontario.

RE ARTIFICIAL INSEMINATION - Adopted March 8, 1944.

Whereas there is an urgent necessity for the Province of Ontario becoming more self-supporting in the production of feeder cattle, and

Whereas there is great need for cattle improvement in Ontario, particularly in the more outlying districts, and

Whereas the Dominion Department of Agriculture has a policy for placing bulls in the more remote districts in accordance with certain regulations:

BE IT HEREBY RESOLVED That the Ontario Agricultural Commission of Inquiry recommends that the Ontario Department of Agriculture request the Dominion Department of Agriculture to place the number of bulls necessary to promote successful artificial insemination breeding units in certain specified districts in the Province.

It is suggested that each unit be organized during the present season in the following counties or districts: Beef project in Lanark, Renfrew, Victoria, Temiskaming, Muskoka and Parry Sound. Dairy project in Hastings and Frontenac.

It is recommended that the Ontario Department of Agriculture be asked to bear the cost of equipment used in connection with the operation of insemination.

It is further recommended that clubs be organized on the understanding that members pay a service fee of \$2.00 per cow and if additional revenue is necessary to defray the salary and expenses of the operator and the cost of maintaining the bull, that such revenue be provided by the Ontario department of Agriculture, and

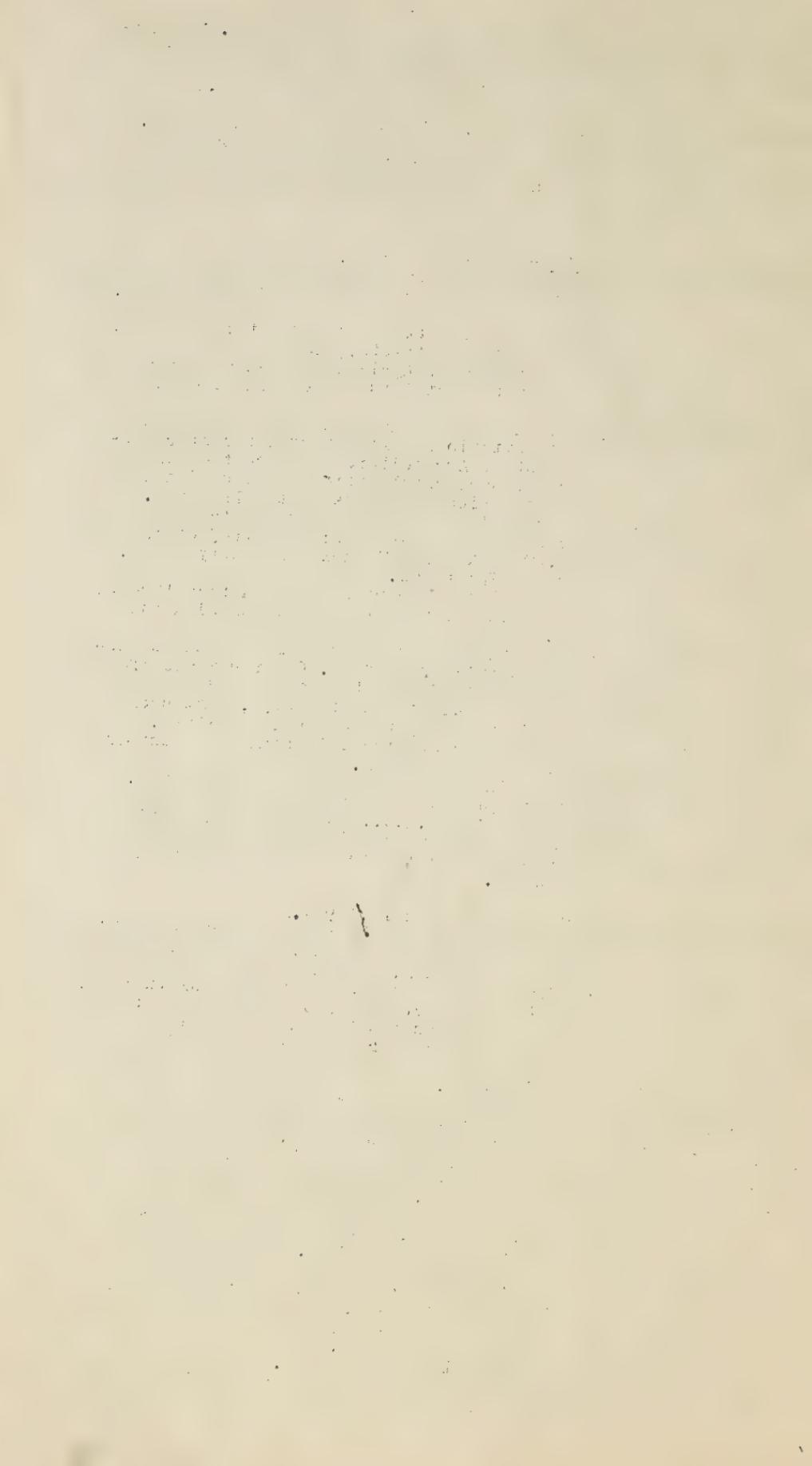
Whereas there is a need for encouraging this form of livestock improvement in other parts of the Province,

WE HEREBY RECOMMEND That the Ontario Department of Agriculture, simultaneously with the above program, establish artificial insemination breeding units at the O.A.C., Guelph, the Kemptville Agricultural School and the Ridgetown Experimental Farm with a view to breeding commercial cows artificially for residents of areas adjacent to these institutions.

RE DEMONSTRATION FARMS - Adopted March 10, 1944.

Whereas it is generally admitted that a great deal of scientific and practical information, available at present, does not reach the average farmer in an impressive manner, and that such experiments, in themselves of great value, are not achieving their real purpose, namely - the improvement of farm practices and farm management, therefore the Livestock Committee desires that the following suggestions be approved by the Agricultural Commission of Inquiry and recommended to the Government of the Province of Ontario for immediate consideration and action.

1. That arrangements and agreements be made with at least twenty farmers in the Province by the Ontario Department of Agriculture for the supervised conduct of such farms by an officer of the Department, who shall endeavour to enlist the interest and support of the agricultural representative and the County Committee, or any other local group of farmers willing to organize for that purpose, extending over a period of not less than five years. This can only be accomplished by, and with, full co-operation on the part of the farmer, who may be owner or tenant. In the selection of such farms priority should be given to those men who would welcome the opportunity of receiving the assistance of suggestion and advice. No attempt should be made to revolutionize management and practices by a complete change at the start, but a great difference might be effected over a term of five years. Properties already under expert management should not be considered. The Officer of the Department should suggest only such changes in practice which might be expected to achieve definite returns for labour and capital.



expenditure. Local soil and general market conditions, as well as the adaptability and inclination of the farmer, should always be kept in mind.

2. In areas where beef production might be encouraged a number of these farms should be established. Herds of commercial type beef cows should be maintained on these farms in order to demonstrate the practicability of breeding and finishing a larger percentage of beef cattle within the Province. Under present conditions a large expenditure of money is involved in the purchase of feeder cattle from sources outside Ontario. Such a procedure need not necessarily involve the disposal of cows presently on the said farms, but rather, an evolution might be brought about by the use of well bred bulls on such females which are at hand. This would provide a demonstration of the value of good bulls at once. Needless to state that such a program would require the services of an approved bull of one of the recognized beef breeds.

3. In areas where dairy farming is predominant special attention should be paid to the use of a bull of proper type and breeding on each herd. He should be a pure bred from one of the recognized dairy breeds and in addition to being of approved type and conformation, he should have the benefit of high milk production in immediate ancestry. As in the case of beef farms it is not essential cows already on the farm to be disposed of, but rather, an opportunity presents itself to demonstrate the value of the consistent use of better sires. Heifer calves from the best producing cows should be selected for replacements in the herd. Attention should be given to type and color, so that at the end of the term of agreement the farmer should be in possession of a herd of females which, by general appearance should be a source of pride and satisfaction. An increase in average production over the whole herd will provide material encouragement to the farmer and promote the use of better sires throughout this district.

4. Much pasture land in Ontario is in a run down and depleted condition and as these lands are of great importance for summer feeding special consideration should be given to their care and management. This applies to the treatment of all farms included in this project. In some cases old sod should be broken up and re-seeded with a permanent grass mixture, and on the other hand where the plow is not practicable improvement might be made through application of manure or fertilizer, or both. A change of feeding ground several times throughout districts where large areas are in use as permanent pastures much benefit might be derived through the use of the right kind of artificial fertilizer. This problem should be solved and recommendations made having consideration for varying types of soil and climatic conditions. In all cases only the best and most suitable seed mixtures should be recommended.

5. Diversified farming as carried on in Ontario, and likewise on these farms, will include the breeding and feeding of hogs, and in some cases the keeping of sheep. Therefore the Officer of the Department should be in a position to render assistance to the farmer regarding the problems which arise in connection with both types of animals. The use of better boars and rams is always important - high class sires may mean the difference between profit and loss. In poultry the novice has much to learn and with results of experiments and information available from veterans now in the business much assistance could be given to the average farmer in order that his chicks may grow faster and his hens lay better.

6. Many suggestions offered by the Officer of the Department would involve merely a change of farm practice or management and not necessarily require much increased outlay in cash. On the other hand, in some cases, the use of some outside money might be desirable, practical and eventually profitable. A very thoughtful and careful survey should be made of the situation and loans only recommended where all chance and doubt has been eliminated.

7. Cost of operation should be established and a profit and loss statement prepared for each farm and same should be published for the information of other farmers in the area and for any who may be interested. A simple form of statement should be adopted and the farmer would be required to keep an accurate account of all receipts and expenditures in detail.



Prepared by the Special Crops Committee.

RE SUGAR BEET SUBSIDY - Adopted December 14, 1943.

That the Commission present the following recommendations to the Provincial Government through the Minister of Agriculture for Ontario.

1. That if continuance of the sugar beet industry is considered desirable by the Government, a subsidy of \$3.00 per ton, including the present subsidy of 55 cents per ton, be paid to the growers by the Company and that the Provincial Government reimburse the Company to the extent of \$2.00 per ton of this subsidy.

2. That the above subsidy, if agreed upon, be paid only subject to the following conditions:

(a) That the sugar beet growers guarantee a minimum acreage of 20,000 acres for the 1944 season and,

(b) That the Federal Government stabilize the price of sugar at \$5.25 per hundred pounds of sugar produced from the 1944 sugar beet crop, and

(c) That the Federal Government do not collect income tax from the Company on that share of the subsidy which is paid by the Company.

That the Minister of Agriculture for Ontario support the growers in presenting to the proper Federal Authority the recommendations contained in Sections 2 (b) and 2 (c) cited above, with the request that these recommendations be implemented by the necessary guarantees and orders.

Prepared by the Soil Conservation Committee.

SOIL CONSERVATION TRAINING - Adopted February 25, 1944.

Whereas the investigations made by the Commission lead to the inescapable conclusion that in many parts of Ontario degradation of the soil by erosion has reached a serious stage and that its productivity is rapidly being destroyed, and

Whereas no proper or adequate programme of soil conservation measures can be undertaken until such time as there are trained workers to carry out this programme, and

Whereas in the interests of preserving the farms of Ontario from further losses of productive soil and fertility, it is essential that measures of conservation be undertaken at the earliest possible date;

Whereas this Commission believes the training of the necessary specialists is the first essential of any such programme, THEREFORE THE COMMISSION RECOMMENDS To the Honourable the Minister of Agriculture for Ontario that the Department of Agriculture establish in the Soils Division of the Ontario Agricultural College a corps of trained workers to further a soil conservation programme in Ontario, AND FURTHER, We recommend that to finance this project an appropriation be made for the year 1944-45 of \$20,000.

Prepared by the Dairy Committee.

RE MILK PRODUCERS COMMODITY TOLLS - Adopted January 20, 1944.

Whereas it is desirable and expedient that provision be made for the licensing of producers of milk in Ontario now operating under the provisions of the Milk Control Act and the regulations thereunder, so that customary assessments and collections for the purpose of meeting the legitimate expenses of the local and provincial associations of such producers shall be made in the most equitable and complete manner and;

Whereas the Milk Control Board has already the power to make regulations for the licensing of persons engaged in the milk trade, THE COMMISSION THEREFORE RECOMMENDS:

1. That the Milk Control Act be amended so as to provide for the licensing of producers of milk and the collection from them of license fees,

2. That provision be made for the collection of the license fee by deductions made by the distributor or processor to whom the original sale of milk is made, such deduction to be made from the monthly cheques payable to the producers by the said distributor or processor;

3. That the amount of such license fee shall be determined from time to time by the local producers' associations for their respective market areas;



4. That before any collection from any market area is authorized, the Milk Control Board must be satisfied that such collection is approved by a reasonable majority of the milk producers in such market areas;

5. That the license fees so collected shall be paid over by the distributors and processors to the provincial body representative of the milk producers, which shall be responsible for remitting the proper share to the local associations of producers.

6. That the monies derived from the license fees shall be used by the said associations for their legitimate expenses and for the maintenance of services of benefit to the producers, as agreed upon by the members, of these associations, but "services" shall not be interpreted to include the creation of capital funds to be used for business enterprises.

RE MILK TRUCKING - Adopted March 8, 1944.

That this Commission recommend to the Government of Ontario through the Honourable the Minister of Agriculture,

That the control over and issuing of licenses and the establishment of regulations for the trucking of milk, except in their reference to the Highway traffic regulations, be withdrawn from the jurisdiction of the Ontario Municipal Board and the Department of Highways and placed under the jurisdiction of the Milk Control Board of Ontario, and,

That the Milk Control Board be requested to set up, where practicable, Joint Transport Committees in the various milk market areas, and that where it is not practicable to set up Joint Transport Committees the Board be requested to take appropriate measures to effect control over trucking rates, and

That the Milk Control Board be requested to conduct a thorough investigation of trucking rates and regulations with a view to establishing and maintaining fair and reasonable rates for the various milk market areas, and

That the Milk Control Board be requested to make possible the extension of producer-co-operative milk trucking services, and FURTHER, that the Department of Agriculture make available the administrative staff and services essential to the development of policy as outlined in these recommendations.

RE MILK PRODUCER TOLLS - Adopted March 31, 1944.

Whereas the Ontario Agricultural Commission of Inquiry, in session assembled on January 20, 1944, in giving consideration to the report of the Dairy Committee, made certain recommendations to the Minister of Agriculture, and

Whereas to date no amendments to the Milk Control Act have been introduced into the Legislature, to give effect to these recommendations

Therefore be it resolved that this Commission urge upon the Minister the importance of introducing the necessary bill to give effect to these recommendations at the earliest opportunity.

Prepared by the Farm Labour Committee.

RE FARM LABOUR - Adopted January 6, 1944.

MEMORANDUM TO THE MINISTER OF AGRICULTURE FOR ONTARIO:

The Ontario Agricultural Commission of Inquiry, after a comprehensive study of the problem of farm labour, particularly as they affect the operations of the Ontario Farm Service Force and on the recommendation of its farm labour committee, begs leave to submit the following recommendations for your consideration in conjunction with the Director of the Ontario Farm Service Force. These recommendations deal with only two phases of the question but the Commission is continuing its studies of other phases. These recommendations, however, are submitted because of the necessity of early action so far as these matters are concerned:

RE FARM COMMANDOES:

1. (a) That an educational campaign to inform farmers of the value and opportunity of Farm Commando labour during the harvest season be instituted as early as possible in 1944 and carried on during the winter and spring months by holding of meetings in the rural areas, such meetings to be arranged by the County Agricultural Representative, and that competent field service officers of the C.F.S.F. be engaged at a sufficiently early date to enable them to



address these meetings and carry on the educational campaign amongst the farmers.

(b) That these Field Service officers promote and assist the organization of voluntary groups of farmers to execute and administer plans to expedite the distribution and placement of Commando helpers in the areas surrounding the larger industrial centres where the supply of such labour is available in some quantity.

(c) That these Field Service officers promote and expedite the organization of joint groups of voluntary town and farmer committees for the efficient distribution among surrounding farmers of the labour made available by voluntary or organized effort in the smaller towns and cities of the Province.

2. That the system of securing local committees in urban centres to organize volunteer Farm Commandoes for harvest work be continued and intensified, and that these committees be assisted financially by the Department, such assistance to cover essential local advertising and printing, telephone costs and actual out-of-pocket-expenses.

3. That early action be taken to impress on the Oil Controller for Canada the need for extra gasoline coupons for vehicles voluntarily supplied for the organized transportation of Commandoes to and from the farms.

4. That standard rates of pay for Commando labour be established in accordance with the prevailing rate in each case.

RE HIGH SCHOOL LABOUR:

1. That the recommendations of the educational authorities in respect of the dates and conditions for allowing pupils to leave school in the spring be concurred in.

2. That High School Boards generally be allowed the option of keeping their schools closed until September 30, and likewise the option of closing them for brief periods to meet peculiar local harvesting conditions after that date.

3. That the Director O.F.S.F. be directed to supply to the principals of high schools in large urban centres on or before April 1, 1944, lists of the approximate numbers of student help required from each such centre and to enter into such arrangements with the said principals as will ensure the necessary continuance on the farms of the experienced help required after these schools have re-opened, that the said principals be urged to give their full co-operation thereto and that the Director of the O.F.S.F. be urged to make the fullest possible contacts with the high school inspectors in these matters.

4. Subject to the exceptions mentioned above, that High Schools re-open on or about September 11, 1944.

5. That the Government of Ontario adopt some adequate system of competitive scholarships as a reward to High School pupils for good farm service and the academic sacrifices which they make in delaying their return to school.

6. That in the case of students going to individual farms for the whole season, the farmer be required to allow the student two weeks holidays at such time during the season as may be most convenient to the farmer in keeping with his farm operations.

Prepared by the Marketing Committee.

RE HOG PRODUCERS MARKETING SCHEME - Adopted January 20, 1944.

The Commission has had placed before it for consideration a proposed Hog Marketing scheme under the Farm Products Control Act and has reached the following conclusions:

1. That the officers of the Ontario Hog Producers Association are to be congratulated upon the energy and enthusiasm with which they have worked for their fellow producers and the results attained to date;

2. While it is recognized that a considerable amount of useful work has been done by the officers of the Association, it must also be recognized that the development of a satisfactory scheme of marketing to cover a project so vast as the marketing of hogs is a very complex problem, which can only be evolved after a great deal of careful thought and preparation;

3. That the launching of such a scheme without adequate thought and preparation might have serious effects on the future development of marketing schemes in general and the development of a hog scheme in particular.



THEREFORE THE COMMISSION is of the opinion that the scheme as now presented cannot be endorsed, for the following reasons:

1. It proposes to regulate the marketing of hogs but does not set forth any specific regulations for that purpose.
2. It proposes to establish prices for live hogs and hog carcasses by negotiation, even though the effective control of prices for hogs is largely beyond the powers of action of a provincial body.
3. The proposal fails to effect such control of prices as does rest within the powers of a provincial body by failing to provide specific regulations for directing the movement of hogs to market.

FURTHER THE COMMISSION RECOMMENDS That the Hog Producers Association reconsider the scheme as presented, in the light of the above objections, and requests that the Association endeavour to redraft the scheme in an effort to meet these objections, and that as soon as this has been done it submit its amended scheme for further consideration by the Commission, and,

That the Commission in the meantime from its general study of livestock marketing problems will make an effort to develop effective principles which could be incorporated in any livestock marketing scheme;

That because of the necessary size of an overall hog marketing scheme for Ontario and the peculiarity of the problems of hog marketing, the Commission is of the opinion that any application of the Hog marketing scheme should be proceeded with in the initial stages on a local area basis rather than an overall provincial basis and that from the experience thus gained the larger operations would have more hope of success.

RE TORONTO TERMINAL MARKET - Adopted February 25, 1944.

That this Commission, having inquired into the need for a Toronto Terminal Fruit and Vegetable market, endorses the proposals of the Ontario Fruit Growers' Association and the Ontario Vegetable Growers' Association, and recommends that covering Legislation be enacted at the coming session of the Legislature of Ontario, so that the required public utility may be set up and the preliminary organization work completed without delay, it being essential that the construction of the terminal market be proceeded with as soon as war conditions permit.

FURTHER, THIS COMMISSION recommends that consideration be given to the possible need for a terminal market for cheese, butter, eggs, poultry and other farm products.

GENERAL RECOMMENDATIONS.

RE SHORT COURSES IN FARM MECHANICS - Adopted September 30, 1943.

That this Commission endorse the resolution referred to it by the Ontario Agricultural Conference on September 3, asking that the Short Courses in Farm Mechanics be continued and that this resolution be sent on to the Minister of Agriculture for his attention.

EXTRA WOMAN ON COMMISSION - Adopted December 14, 1943.

That the Executive of the Ontario Federation of Agriculture be asked to name one woman to the Education, Health and Rural Youth Committee of the Commission and that the Minister of Agriculture be asked to pass the necessary Order-in-Council providing for payment of per diem allowance and expenses to this additional committee member.

RE AGRICULTURAL REPRESENTATIVES CONFERENCE - Adopted Feb. 14, 1944.

That this Commission requests that the agricultural representatives throughout the Province be called together for a conference and that they be asked to appear in a body before the Commission.

RE COUNTY AGRICULTURAL COMMITTEES.

The Commission gave considerable study to the question of the establishment of County Agricultural Committees throughout the Province, the possible composition of these committees and the methods by which they might be appointed. The findings of the Commission on this subject were embodied in a series of resolutions. It should be pointed out that these resolutions indicate that the Commission desired to avoid taking any hasty decision, and that its recommendations by no means exhausted the field of inquiry of the subject, particularly with relation to the duties and responsi-



ibilities of such committees. The recommendations made were as follows:

RE COUNTY COMMITTEES - Adopted November 12, 1943.

That this Commission is of the opinion that there is merit in the proposal of County Committees, but feels it has not had time to prepare a plan for such set-up and recommends delay until the Commission has had time to make a complete survey of the problem; Further, that extreme care has to be exercised to see that all phases of agriculture in each county are represented and that the members of each Committee are selected by the farmers themselves.

RE COUNTY COMMITTEES - Adopted December 20, 1943.

That it shall be obligatory on each county to hold a representative public meeting to decide if a county committee is to be organized, and

That the County Agricultural Representative shall be the instrument through which the public meeting shall be called to determine whether such county committee shall be established, and, if so, to decide on the nature of its selection, that all organizations of farmers, as well as individual farmers, be invited to attend and that it be well advertised.

RE COUNTY COMMITTEES - Adopted January 6, 1944.

MEMORANDUM TO THE MINISTER OF AGRICULTURE:

At its meetings of November 12, and December 20 and 21 the Ontario Agricultural Commission of Inquiry gave extensive consideration to the establishment of County Agricultural Committees throughout the Province. The members of the Commission feel that, while it would be possible to make some initial recommendations regarding County Committees, much greater study and more comprehensive information are required before final recommendations could be prepared. Having adopted at an earlier meeting the principle that County Committees could do effective work in many phases of agriculture the Commission proceeded to make some study of details and adopted the following resolutions, which are now submitted to you as recommendations, but with the understanding that the studies of the Commission be continued and the right reserved to submit to you at some future date its complete findings.

1. That the principle of local option be observed in the setting up of each county committee.
2. That the County Agricultural Representative, in collaboration with representatives of all organized agricultural groups in the country shall call a public meeting to determine whether a county committee shall be established and, if so, to decide on the method of its selection, that all organizations of farmers and individual farmers be invited to attend and that it be well advertised.
3. That county committees should consist of not more than fifteen members, of whom at least two shall be women and one a representative of farm youth, that one member shall be named by the county council, one by the sitting legislature member of members and the balance by the farm organizations of the county.
4. That the members of county committees who may be appointed by the county council and the legislature member or members shall have only equal authority with the appointees of farm organizations as members of the committee.
5. That if an executive committee should be found necessary, such executive committee shall consist of no more than three members to be elected by the committee as a whole, and such members shall be paid a per diem allowance in addition to their expenses.
6. That each member of the county committee be paid his out-of-pocket expenses.
7. That the Department of Agriculture bear all operating expenses incurred by county committees.
8. That the Agricultural Representative or his assistant shall be the Secretary-Manager of the county committee.
9. That the county committee shall present reports of their activities at least once a year to the members of the organizations appointing their members, at a joint public meeting called for that purpose.
10. That before the establishment of these county committees is generally proceeded with, a start be made in a few selected counties, so that the experience thus gained may serve as a guide for other counties.



RE COUNTY COMMITTEES - Adopted January 17, 1944.

That members of County Committees be elected annually at the annual meeting of all farm organizations appointing such members, held for the purpose of receiving the reports of the committees, and that all such members shall be eligible for re-election at the discretion of the nomination organizations and individuals.

The Commission has noted with considerable satisfaction that many of the above recommendations have already been followed by action on the part of the Ontario Government, and, in some cases, by federal boards of bodies, with results which have fully justified the recommendations which were made. On behalf of the farmers and farm organizations represented by its members, the Commission wishes to express its gratification at this indication of the willingness and the desire of the government and the bodies referred to above to implement its recommendations.

OVER-ALL LONG TERM PROBLEMS.

The greater part of the time of the Commission was devoted to investigations into the studies of the over-all long term problems of Ontario Agriculture. This involved, not only inquiries into specific matters, but also the development of a considerable amount of background material in order that there would be a complete understanding of the basic principles underlying these subjects.

For this reason, the Commission feels that it is not sufficient to present merely a list of recommendations. In each case, therefore, this report provides a summary of the background material leading up to the recommendations. With the exception of the Interim Report on Rural Education, which was adopted and forwarded to the Ministers of Agriculture and Education on May 16, 1944, and the Memorandum on Floor Prices for Agricultural Products, these reports are being presented to the Minister of Agriculture for the first time, and have not been previously submitted.

This section of the report therefore contains the following final reports of the Commission:

- (1) Report on Soil Conservation.
- (2) Report on Agricultural Credit.
- (3) Reports on Rural Education.
- (4) Report on Rural Youth Organization.
- (5) Report on Northern Ontario Agricultural Problems.
- (6) Report on Live Stock and Veterinary Service and Research.
- (7) Report on Cottages for Farm help.
- (8) Recommendation of the Dairy Committee. (additional)
- (9) Memorandum on some of the economic considerations underlying General Floor Price Policy.

The recommendations which the Commission wishes to submit to the Government on these matters are embodied in the reports. It will be noted, however, that in a great many cases the recommendations are not directed to any government or governmental body, but to the farmers themselves. It is felt that in many of the matters dealt with, the power to improve conditions does not rest in legislative or regulatory action, but in the willingness of the farmers of the Province to help themselves by changing their practices and methods by taking such co-operative action as lies within their own power, and by such organization as will be of assistance to them in the solution of their own problems. The reports presented herewith contain many such instances, and they are commended to the study of individual farmers and their provincial or local organizations, so that they may play their rightful part in achieving the results towards which the recommendations of the Commission are directed.

In connection with these recommendations directed to the farmer and farm organizations, there will be definite need for government leadership, education and promotion to ensure that effective action may be instituted towards putting these recommendations into effect.



REPORT ON SOIL CONSERVATION.

Adopted January 19, 1945.

The Commission naturally made some inquiry into the farm land resources of the Province to determine the extent to which they may be counted on to maintain, at a level profitable to the producers, the largest volume of food and fibre products. The preservation of the largest possible volume of farm production is not solely the concern of the farmers. It is of the greatest consequence to the future welfare of our whole society.

The entire power and capacity for such production lies in the top six inches of the land surface of the Province. Countless centuries of infinitely slow chemical and physical action of natural elements, water, wind, frost and ice, crumbled away the earth's first hard crust till there was produced in patches here and there enough loose and friable material to release the chemical elements that would support simple and primitive forms of organic life, (vegetable and bacterial) had the additional capacity of extracting chemical substances from the air. In the due course of season and periodic dying of all or part of its tissues, this was added to the thin layer of original friable rock material. These additions of new substances created new and more complex chemical substances and gases, which helped to accelerate the decomposition of the original rock. Of more immediate concern, they made possible the growth of more complex vegetable and organic growth, until in due course, after the lapse of many centuries of vegetable evolution, a stage was reached at which, when clearing for farming took place, there was a thin layer of soil capable of crop production less than a foot in depth. The top few inches, comprising vegetable mould disappeared in the process of clearing or by blending to plow depth of original rock particles and vegetable residues, which alone constitute productive soil.

It must here be kept in mind that except in those rare areas where water and wind movements piled up or accumulated this mixture called soil, the depth of soil was limited to that layer on top in which rock particles and vegetable residues could work in conjunction with sufficient combined movement of heat, air and water to make possible that decomposition of both which is necessary to support complex plant growth. This limits soil manufacture definitely to the thin six inch layer on top of the land surface. As a result, the next layer of rock particles below the top soil, whilst it has been modified to some degree by filtration from above and by root action from deep rooted vegetable, is not capable of sustaining vigorous vegetable growth if for any cause the top soil is removed to any substantial degree, unless it has been exposed to the same slow weathering influences which created the top soil layer in the first instance. Though this regenerating process may be accelerated to some extent by applying from other sources vegetable matter in addition to what the soil itself produces, the cost of such restoration is nearly always beyond the economic capacity of the owner of the land.

The economic well-being of the farmer, his community and the nation is inseparably connected with this six inches of top soil with which nature endowed us. First of all, it must be kept in its place. Secondly, it must be so managed that the proper balance be maintained between its original rock particles and vegetable matter in order that it can continue to recreate each year new food products. Failing the first, the land becomes a desert. Failing the second, the land will not sustain its own population, let alone produce a surplus for non-farmers. In either case, the whole structure of the immediate civilization collapses.

To understand the extent to which our top soil is being maintained in its original place it is necessary to examine the processes it has undergone in the three or four generations of farming that have now elapsed in Ontario. The pioneers found a land surface almost entirely covered with trees. Its topography was mainly gently sloping to steeply rolling. For many well understood reasons, the tops and slopes of the hills were first cleared of trees. The valley bottoms and low areas were left till water outlets which often required the co-operation of other homesteaders were accessible. The removal of the trees in itself created the first condition that could cause the eventual removal of the top soil. With



tree growth covering the land, there is no fast lateral movement of water across the face of the land in any direction. The spongy land cover absorbs the rains. The trees and their dead wood beneath set up myriads of dams so that the waters percolated slowly toward the lower slopes. They disturbed no soil particles because they proceeded down hill so slowly. Nowhere was there any body of water, large or small, moving with enough rapidity to hold soil particles in suspension and thus move them down stream. Even the run-off from spring thawing was similarly retarded. Cutting off the forest removed the principal barrier to rapid soil bearing movement of water across the face of the land and the violent deepening and widening of permanent and overflow water courses.

Thus was set up the opportunity, if unchecked by counter measures, for that priceless element of water to move away and destroy, that equally priceless top soil, that took so long to put where it was. This process is hereafter called erosion. It takes two distinct forms, sheet erosion, which skims off by slow insidious persistence, often unnoticed till damage is complete, a thin layer from all sloping lands annually, and gully erosion, which tears wide and ever widening gaps in the land surface, carrying down stream a mixture of top soil and subsoil to the detriment of every spot below on which it is deposited.

The removal of permanent grass cover in order to practise tillage operations has exactly the same effect as removal of trees. Not much of Ontario land was originally covered with grass. However, it is well to understand, first, that grass played the same role as trees in the creation and manufacture of the six inches of top soil in those areas where it was the agent provided. Also close grass cover provides almost as good a medium for preventing sheet erosion as does forest. Its tenacious mat of ever living roots and its accompanying carpet of dead fibres on the ground efficiently prevent moving surface water from getting hold of soil particles to move them down hill. More will be said about the position of grass at a later point in this discussion.

At a later point also will be discussed the tremendous effects which rapid water run-off created by forest removal has had on the agriculture, the water supply, the security of property and the amenities of living in areas on the downstream side of such removal.

#### History of Ontario Soils Under Farming.

Land clearing by the original settlers in this Province (Old Ontario) started at a slow rate in the last decade of the 18th century, reached its most rapid rate in the third and fourth decades of the 19th century and was substantially completed in the 80's. In the half century which has elapsed since the completion of the forest-cutting stage, there have appeared certain indications that forest clearing and the subsequent tillage were having damaging effects on the capacity of the soil to continue to produce effectively. One of these signs was general - that is - that all soils were becoming less productive as time passed, under the prevailing methods of culture practised. They could be sustained at any particular level of capacity, or improved therefrom, only by adoption of radical methods of cultivation and handling. This process of deterioration was in no case either rapid enough to cause public concern as to its future potential damage, nor dramatic enough over large areas to awaken either public or private action toward comprehensive remedial measures on the necessary scale. Correction was considered a purely private concern of the individual farm owner. There was no recognition generally that the situation demanded radical remedial measures which on the one hand were beyond the cost bearing capacity of the individual farmer, or on the other have required such extraordinary departure from traditional farm practices as can be brought about only by dramatic distress over large areas or by an intensive process of education pointed directly at the problem itself in both its public and private fields of responsibility.

Another sign of productive capacity of soil diminishing with pronounced speed was the rapid deterioration under traditional



culture of the major sandy areas of the Province. They are the only dramatic, completed examples we have of what is happening to the major portion of all our Ontario farm soils, in a slower, more insidious fashion, it is true, but just as inevitable in the end. The physical nature of these soils was of such an open granular nature and so lacking in the colloidal binding materials found in loams and clay, that the organic matter of the original soil disappeared rapidly. This humus was the only natural binder in such soils. Under cultivation the combined processes of rapid oxidation and leaching accelerated by crop removal, quickly reduced the top six inches of soil to its original constituents of rock particles. They became so sterile, therefore, that where they could not support even native grass cover they started to blow in dry seasons, thereby damaging adjacent areas not so much depleted of humus.

The areas involved in this process were not large enough to cause any dramatic awakening of public concern as to whether some similar process threatened the stability and capacity of the other types of soil in the Province. There is an unfortunate tendency to believe that the heavier soils are not endangered because under our moisture conditions they do not "blow" or erode by wind. But wind erosion is only a manifestation or result of soil degradation. It is only a sign that the top six inches of the soil have lost the organic matter necessary to crop production, and in the case of sandy land equally necessary to prevent wind erosion. If other soils lose their humus by water erosion and depleting farm processes they will become just as sterile as sand. That they "blow" will be little compensation for incapacity to produce crops. That the process takes a longer time in heavier soils does not alter the final result.

The question thus raised is - "What is happening to Ontario soils?" How well is the top six inches preserving that vital mixture of rock mineral particles with vegetable and bacterial organic matter in all the stages of decomposition and chemical ferment without which no economical crop production can be accomplished?

Unfortunately, the public realization of the serious nature of the serious nature of the problem is just dawning and we therefore have no comprehensive stocktaking or survey of our soil resources, compiled by the wide variety of trained technicians, (chemists, physicists, plant authorities, engineers, economists, etc.) necessary for such a job. We are therefore thrown back upon general observation of the prevalence and extent of those practical signs of soil depletion that indicate the progress of the disease. We can check these observations against the conditions that scientists and historians have portrayed as typical of older but similar areas now completely depleted, at a similar stage of farming development. Such evidence as is hereafter mentioned lies open before the view of any person in the province who wishes to cast an eye of discernment on what they mean for the future of our soil.

Old Ontario is generally rolling in topography. On hill tops and on all slopes, moderate to steep, over the whole of this country are to be seen the following evidences of erosion: (1) Soil lighter in colour than on the flatter areas. (2) lighter and thinner crops on these patches: (3) perceptible increase in the size of these patches from decade to decade: (4) subsiding of the field soil below the actual ground level of old established fence rows. (5) gravel and stones from the subsoil covering the surface on hills and slopes: (6) accumulations of silt on lower, flatter land, most of which deposits are less productive than the lands they cover: (7) rills and small gullies over the slopes after rainfalls: (8) the very temporary refreshment of the crop by even heavy rains and extreme baking on the steeper parts of cultivated fields; (9) the encroachment of large gullies into previously cultivated fields and even whole areas: (10) the widening extent of blow patches in sandy and sandy loam fields: (11) the increasing muddiness of all streams and creeks after rains: (12) the evident retirement to pasture or native weed growth of many previously cultivated hilly fields.

These are only a few of the obvious proofs that water erosion is slowly and insidiously removing the top soil from such farms.



Not all of them are found in all rolling farm areas. The basic character of the soil, the varying degrees of slope of land and variations in cropping practices create an endless variety in the character of evidence from area to area and farm to farm. Nevertheless in all farming sections except the level areas of the Province can be found some of the above signs of soil degradation. More important still, acute observers are unanimous that these evidences are becoming more pronounced and accelerated year by year.

On our level farm lands, except the light sands which have been dealt with earlier, soil depletion assumes a different form. On slight slopes, i.e., those sloping less than two feet in 100 feet, sheet erosion does take place at a slow but not obvious rate. Therefore some corrective measures are necessary of application. On practically level lands soil degradation is more closely related to practices of tillage and cropping which remove the organic matter at a faster rate than it is restored. There is here not the same problem of the physical removal of the soil by water carriage. The problem is a change in character of top soil back to its original sterile condition before there was any cover, of vegetation, grass or trees, to manufacture soil.

The character and type of the original soil is of great importance in any assessment of the amount and character of soil depletion on these level lands. Removal of vegetable residues, particularly those fibres not fully decomposed, has a disastrous effect on the stiff clays which make up a large proportion of our flat lands. These clays are highly colloidal (gluey) by nature. Organic fibre is necessary to make them friable and to create air spaces among the particles, so that the fermenting and chemical process necessary to make plant food available can carry on, and to allow reasonably quick absorption of water, upward or downward as the varying seasons of cultivation and plant growth require. Here the physical function of humus in the soil is the reverse of that performed in the granular, non-colloidal sandy soils where vegetable matter acts as a necessary binder. Furthermore, a relatively small reduction of organic matter in clay soils, level or sloping, has the additional harmful effects of (1) reducing the length of time during which they may be cultivated, (thus intensifying costs) and (2) decreasing the amount of water which they will absorb from crop season rainfalls.

At this stage it is interesting to point out that the two most dramatic and obvious examples of large areas of soil degradation in the Province are connected with extreme light sandy soils on the one hand and heavy clay soils on the other, and the damage to both stems directly from depletion and removal of organic matter as the result of the cultivation processes followed for only three generations. Between these two extremes, on all that great variety of soils with which this Province is blessed, the relationship of organic matter to the original rock particles can stand more abuse before actual sterility occurs. In unmixed sands, clays and silts, organic matter is the only agent which can perform the necessary physical function of loosing and binding essential to give them plant growing capacity. When these original types are mixed in the same soil they mutually perform these physical functions for each other. The role of organic matter is thereby somewhat reduced and soil sterility resulting from its diminution is postponed to a later date. That date is inevitable as long as the combined action of erosion and crop removal to reduce the top soil to its primitive condition of unorganic rock particles.

Another type of soil degradation on level lands and fields is the deposit of the soil wash or silt from eroding lands above. Invariably these deposits are less productive than the lands they cover. The flooding process that brought them down carried farther down the lighter materials and solubles in the organic matter which they contained in their original location. Sometimes these deposits came from gully erosion and contain no organic matter whatever. Sheet erosion becomes progressively worse as humus is reduced, quick runoff of rains is accelerated and this type of damage will greatly increase unless erosion is checked.

Drainage problems on level lands are intensified by continuing



and increasing erosion and rapid run-off from above. The extra water throws a heavier burden on the drainage systems, surface and underground and in addition silts up the outlets of the present systems, thereby reducing their capacity. The rapid run-off of water from farm fields has damaging effects additional to sheet and gully erosion. In normal years, there is not enough total rainfall during the crop growing season to supply all the water needed for full plant growth. Rapid run-off of summer rainfall prevents a large part of what does fall from being retained where it falls and thereby reduces crop yields. This makes it apparent that soil conservation policy embraces the equally important problem of water conservation.

Since corrective measures to prevent the slow, almost imperceptible skinning off of top soil mature and pay for themselves in a period often far in the future, while water conserving measures yield an immediate return through increasing crop yields, it is of the most vital importance that techniques and means recommended should equally serve both purposes. Only by such process can it be expected that there will be any ready adoption and practice of conservation by those who only can put them into effect - the farmers themselves. By and large, acceptance and adoption of soil conservation measures by the land owners will be governed primarily by the recognizable ability to make them profitable in the immediately foreseeable future.

Up to this point this discussion deals almost exclusively with the effects of the soil destroying agencies of water, wind and crop removal as they affect the lands to which they directly apply. There is, however, a larger area of impact of these agencies in which farm operations, farm living and general economic and social conditions are adversely affected by soil and water ravages in other sections. In this field of action the individual farmer or farm community is essentially helpless in applying corrective measures. Co-operative action among farmers, farm communities and the various levels of government can alone effect solutions.

Denuding the land of its original tree and grass cover speeds up the spring melting of the winter precipitation and the consequent rapid run-off of water into creeks and rivers before it has a chance to soak into the soil. This is the principal cause of the severe floods which inflict such damage to property on the lower waters of many of our Ontario rivers and creeks. Large expense is incurred by many such communities and their citizens for flood protection and restoration of damaged property. The same conditions occur from heavy rainfalls in summer and fall. Under these conditions, due cognizance must be taken of the responsibility of such communities to share in the expense of flood prevention and water and soil conservation measures applied upstream which help to reduce this kind of damage.

There is strong evidence that this speeding up of run-off of melted snow and rainfall in the upland areas of the river watersheds of the Province is seriously affecting the water supply of farms and communities below. Up-hill springs previously ever-flowing now are dry most of the year. Dug wells in many such cases no longer yield an abundant supply as they originally did. In some farming communities the whole well system of the area fails in periods of infrequent rains. This situation adds greatly to the costs and difficulties of production and its correction often involves a very large capital expenditure by the farmers so affected.

Other damages that ensue from too rapid water run-off and accompanying erosion are of many kinds; silting up of reservoirs, mill ponds and stream outlets into lakes cause much disruption of many kinds of community facilities for recreation, business and navigation; fish and game have disappeared, reducing both the local living amenities associated therewith and the opportunities for income from non-resident sportsmen.



The above discussion indicates broadly the actual farm practices that will tend toward soil conservation and will retard soil degradation and humus depletion. The most obvious practice is to devote as much land as possible to trees, consistent with maintaining enough crop land to produce an adequate income. Tree planting can add to income both at once and eventually in three ways, as windbreaks, as woodlots yielding in time continuous revenue and as a means of lowering the speed and volume of water run-off. It is also a means of eventually putting any piece of land now cultivated at a loss into position to be a future productive source of revenue.

The next most obvious practice is to adopt every cropping plan consistent with the line of farming to be carried on that will include the largest possible use of grass and hay cover. This involves two important considerations:

- (1) Careful choice of those lines of farming, mainly live stock, with which grass is naturally associated, and
- (2) The treatment of pastures to produce the greatest yield.

General neglect of the opportunities that lie in increasing pasture yields is one of the outstanding common failures of mixed farming in this Province.

An equally important soil conserving practice is the adoption of every possible means to increase the humus content of the soil, particularly in the top two or three inches. Closely associated with this idea is the adoption as far as possible of every system of organization of farm income enterprises that will involve the least selling off directly from the farm of the field products that result from a large amount of bare land tillage operation.

All of these essential practices singly and in combinations suitable for any particular farm are a great challenge to the business acumen and capacity for change of farmers. But they belong in that field of activities that only the farmer can perform if soil has to be conserved.

In addition to the above practices that lie in the domain of farm management and selection of crop and live stock enterprises, there remain the practices and methods of tillage on the land that must still be cultivated during, before and after the growing season. Ontario agriculture cannot be conducted solely by using it for grass and forest trees. The practices and methods of tillage (cultivating land bare or partly bare) must be so conducted that the following two purposes are served:

(1) To conserve as much water falling in the growing season where and when it falls as is possible and as it is needed by the particular crop.

(2) To set up as many barriers as possible by cultivation to retard the speed of rainfall water moving across the face of the land.

Contour plowing instead of plowing up and down hills, strip cropping on the contour instead of the customary rectangular field cultivation that takes no cognizance of field slopes are suggested as two practices that have great possibilities of adoption without great expense other than the wrenching of habit and custom.

The many practices for the leading of such water as is bound to run off the surface into spots and ditches where it will do the least harm are among those that can often be adopted with very moderate expenditure of money, though some of them take time, work and care on the part of the farm owner. The more expensive practices of terracing, trenching, etc., to retard and direct run-off contain many possibilities of use in cases where the value of the product grown and the land justifies the expenditure. The many ways by which the start and spread of gullies can be retarded, by slowing up the speed and volume of water that causes gullies, provide a wide choice of method and control of gully erosion. Methods of diverting concentrated run-off from gullies, the sloping of their sides and maintaining these slopes in permanent grass or trees, present many opportunities for cheap and efficient practices.

This variety and kinds of management and practice in so far as



they can be adopted within the limits of the farmer's ability to pay, whether in immediate income or obvious increase in the value of the property, are the farmer's contribution that must be made by him. Needless to say, there is a consequent responsibility of the state to create the conditions that will make it possible for him to find out what needs to be done and how, and to create the economic environment in which he can best adopt and practise soil conservation.

#### SOCIAL RESPONSIBILITY FOR SOIL CONSERVATION.

The foregoing discussion does not purport to be an exhaustive setting out of all the causes and effects of soil depletion in its many varied aspects from region to region, from soil type to soil type, from farm to farm. It shows that the primary cause was the removal of the forest cover in order to practise tillage; that crop removal and slow erosion over the clarsped period of cultivation have combined in various degrees of destructive action to place not only the farmers involved but the whole of our society in great jeopardy or a declining agriculture and a menaced food supply. It suggests that the progress of the damage has been so slow and insidious that an awakning of the public consciousness thereof has been delayed until much damage has been done.

Under our democratic social organization the broad subject of soil conservation must become a specific field of thought, discussion and effort, like labour relations, education, co-operative marketing or livestock improvement, as a pre-requisite of remedial action. It may be true that most of these latter activities have some elements of dramatic appeal or compelling utility that force them into the arena of jobs that have to be tackled. It is unquestionably true that soil and water conservation lack these essentials for creating spontaneous public demand for action. The slow insidious progress of the disease and the extraordinary diversity of the private and public interests responsible for understanding and remedy, make this lack inevitable. Under these circumstances, the state and semi-public agencies for education, research and extension thereof must take a much more active part in leading public and private opinion to the point of demanding effective remedial measures. Of equal urgency is the responsibility of Government to be ready with measures that are appropriate and adequate when such demand comes.

For the sole purpose of assessing the blame therefor it is a fruitless task to look back at the economic and social circumstances which have created the soil damage to date. Nevertheless, an examination of some of these historical facts may usefully help to allocate the field of remedy between public and private responsibility. The forest was first removed as a deliberate state policy of encouraging agricultural settlement or by lumbermen licensed by the state. Obviously, all the forest cannot be restored to the land, or no agriculture would remain. Equally obviously, the necessities of soil and water conservation will require the re-forestation of all those large areas which are vital to the primary protection of main stream levels and for which the lands involved either have no economic use in agriculture or should be retired from agriculture for this larger purpose. On the sound principle that "he who benefits shall pay", this remedial measure must be assumed by the state. The reasonably immediate benefits accrue to all citizens in widely-differing proportions and the cash income from the growth in the long future will become a public revenue. It is reasonable to expect that the cost would eventually be regained, but neither private effort nor units of local government can afford to make the long term investment that will mature after the individual or the present ratepayer has passed on.

Large area planting of trees, the provision of trees, at public expense, for plantings by municipalities and individuals and the provision of appropriate legislation and taxing power to municipal bodies and groups of the same to enable them carry out adequately their smaller local projects are all the duty of the state. Likewise it is the responsibility of the Government to see that all fiscal and tariff proposals shall not be designed in such manner that the economic pressures resulting on farm producers shall force them to increase the growing of soil destroying crops. More-



over, it is obligatory on the part of government to assure that contributions to producers under floor price plans shall be so applied that it is in the interest of the mixed farmer to sell the minimum of cultivated crops from his farm.

Only the state can provide the vast amount of research, scientific and technical skill and equipment, and support actively all the educational and promotional measures required in the performance of conservation in the speediest manner. Finally, since many new farm practices required for soil erosion control and to increase the humus content of the soil impose on the farmer additional investments of capital or postponement of income, the state has an obligation to adopt all reasonable measures for subsidies on fertilizers, seeds and other materials and to incorporate into the Farm Credit system any special features, the use of which will encourage specifically conservation practices.

The Municipality has a responsibility in its own field of government, to shape its activities of drainage, flood and stream control and the handling of marginal agricultural lands that may come into its possession through tax sales or otherwise, in such ways that their future use shall contribute to conservation aims and objects, rather than to private gain or immediate municipal revenue. To do this the municipal authorities will, of course, have to seek from the state adequate authority and shall in many cases have to co-operate with adjoining municipalities in mutually beneficial conservation projects.

The farmer, of course, should bear the costs of adopting useful conservation practices which either immediately or within a few years will add to his income and increase the capital value of his farm as a production unit. It will be noticed in this connection, however, that the costs of research, experiment, expert advice, etc., have been allocated to the state as the only authority competent to bear them. It will also be noted that the state has been allocated the responsibility of providing necessary credit facilities and shaping subsidies and fiscal policies in such ways as shall direct and assist the farmer to choose soil conserving practices for his land and labour, rather than those which eventually rob his soil.

#### SOIL CONSERVATION RECOMMENDATIONS.

1. THE GOVERNMENT IS ADVISED TO FOLLOW A VIGOROUS PROGRAMME OF ASSISTING MUNICIPALITIES THROUGH THE DEPARTMENT OF LANDS AND FORESTS AND THE NEW DEPARTMENT OF PLANNING AND DEVELOPMENT, TO EXPAND WIDELY THEIR TREE PLANTING PROJECTS AND PARTICULARLY TO EXPLORE THOROUGHLY THE PROSPECTS AND METHODS OF INCREASING THEIR POWERS TO ACQUIRE AND SET ASIDE FOR SUCH USE LANDS THAT ARE UNSUITABLE FOR OTHER ECONOMIC USES.

2. THE GOVERNMENT IS ADVISED TO STIMULATE AND ENCOURAGE THE FORMATION OF FLOOD CONTROL AND CONSERVATION AREAS ON A STREAM WATERSED BASIS, AND TO PROVIDE MUNICIPALITIES SO AFFECTED WITH ADEQUATE POWERS TO ENTER INTO NECESSARY MUTUAL ARRANGEMENTS IRRESPECTIVE OF PRESENT CUSTOMARY BOUNDARIES.

3. ALL PRESENT DISTRICT ORGANIZATIONS FOR CONSERVATION AND FORESTRY SHALL BE LIBERALLY SUPPORTED AND ENCOURAGED IN THEIR PROMOTIONAL EFFORTS TO MAINTAIN PUBLIC INTEREST AND RESPONSIBILITY IN THIS SUBJECT.

4. THE COMMISSION STRONGLY URGES THE IMMEDIATE ESTABLISHMENT OF A SOILS DEPARTMENT AT THE ONTARIO AGRICULTURAL COLLEGE, USING THE SOILS SECTION OF THE DEPARTMENT OF FORESTRY AS A BASE FOR THE PROPOSED DEPARTMENT: THAT THE NEW DEPARTMENT BE FINANCED ADEQUATELY IN ORDER THAT IT MAY PROCEED RAPIDLY, NOT ONLY WITH ITS SOIL SURVEY PROGRAMME, BUT WITH THE DEVELOPMENT OF THE NECESSARY LAND USE AND CAPABILITY TECHNIQUES AND THE RESEARCH BASIC THERETO: THAT CONCURRENTLY THERE WITH THE SAID DEPARTMENT SHOULD PROCEED AS RAPIDLY AS POSSIBLE TO DEVELOP A SERVICE FOR INDIVIDUAL FARM MAINTAINING AND PLANNING AS A BASIS FOR SOIL CONSERVATION PRACTICES FOR INTERESTED FARM APPLICANTS.



5. IT IS FURTHER RECOMMENDED THAT GREATER POINT AND EMPHASIS BE GIVEN TO THEIR RESPONSIBILITIES FOR SOIL CONSERVATION IN THE ACADEMIC AND RESEARCH ACTIVITIES OF AGRICULTURAL COLLEGES AND UNIVERSITIES BY THOSE DEPARTMENTS, SUCH AS PILOLOGISTS, CEREALISTS, ENGINEERS, ECONOMISTS, ETC., WHOSE SERVICES ARE VITAL TO THE SOLUTION OF THE SOIL CONSERVATION PROBLEM.

6. THE SUBJECTS OF IMPROVED GRASS CULTURE, THE POSSIBILITIES OF INCREASING FARM INCOME BY SUCH AND THE POTENTIAL GAINES FROM FARM WOODLOT EXPANSION SHOULD HAVE A MUCH GREATER EMPHASIS IN ALL FARM EDUCATIONAL AND EXTENSION ACTIVITIES.



# INTERIM REPORT ON RURAL EDUCATION

ADOPTED MAY 16, 1944.

The Ontario Agricultural Commission of Inquiry, having completed an exhaustive study of rural education at the primary and secondary school levels, is of the opinion that it is desirable, at this stage, to present an interim report on education so that it might be submitted to the Royal Commission which is to be appointed to study the broad subject of the financing of education and the equalization of assessment for that purpose. This is not to be considered as a final report, as there are many aspects of the situation which have yet to be analyzed and scrutinized before definite and well-considered recommendations can be made on matters of detail. A study has also to be made on education in the Agricultural Schools and Colleges. The studies of the Commission and its special committee on education have, however, proceeded to a stage at which this interim report can be presented. In the course of its deliberations many presentations have been made to the Commission by rural organizations, by officials of the Ontario Department of Education, by representatives of rural school trustees and the Alumni Association of the Ontario Agricultural College. These presentations have been of great value to the Commission and have provided the foundation of essential information for the fact-finding studies on which this report is based.

The Commission therefore has the honour to submit the following report:

## A. IMPORTANCE AND SIGNIFICANCE OF RURAL EDUCATION

1. General: Any study of the needs of an educational system to fit young people for life and living in Ontario must take into consideration the fact that we are living in a democracy and look forward to a future of further development based on democratic principles. Since the maintenance of democracy depends on an intelligent and well-informed body of citizenship, all education must tend to direct thought and action along those lines which will produce that type of citizen, and in addition to fitting the youth of our Province with the knowledge and training essential to the earning of a livelihood in some useful and productive capacity.

In addition to providing a background for intelligent understanding of the workings of democracy, there is obviously a need for an understanding of the moral and ethical basis of all sound living and, since the aim must be the creation and maintenance of higher standards of citizenship, that basis must be adopted and emphasized. This can be interpreted, perhaps, to mean a wider and more general acceptance of the principles of Christianity, not particularly as a religious doctrine, but rather as a code for living. On the other hand, the place of materialism and realism in the structure of day-to-day living must be defined, so that there may be a proper and even balance in the functioning of the community of the nation through the education of its people.

The British system of democracy and that of the United States places supreme power in the hands of the people, if they are disposed to use this power. The extent to which the people as a whole accept the responsibilities and duties of democracy, as well as claiming its rights and privileges, will determine whether that democracy will be strong or weak. This indicates the importance of education in all its forms, because education is the means through which all people can be trained to play their proper part in maintaining the democratic institutions and forms of government which are so highly prized in our Canadian life.

2. Complexity of Modern Life: The next factor to be considered is the growing complexity of the social and economic life of all classes of our people. It is more true today than ever before to say that no man lives to himself alone. Isolationism has become a practical impossibility under the organization of world society as it is today. Our people are steadily becoming more and more dependent on other peoples and other lands and the solution of all the problems of producing and living becomes more obscure and involved. Our people must be better equipped both mentally and physically to meet these increasing complexities, particularly in view of the growing need for participation in international affairs and international agreements, both economic and political, which will have a direct effect on the everyday living of all our citizens and particularly our farmers. The state that would survive and progress during the difficult period that lies ahead must ensure that its future citizens are given such education and training as will enable them to accept their responsibilities and duties with knowledge and wisdom and will develop the leadership that



will be necessary to carry the state through trying times.

THEREFORE, because of the significance of education from the standpoint of the future wellbeing of the state as well as of the individual within the state, there must be a greater recognition on the part of the state of its responsibility for the financing and direction of education of our young people, since one of the chief functions of education is to build up sound and clear-sighted citizenship as the basis of national life. That responsibility is even greater today than at any previous time in the history of Canada and, therefore, the financial and directional contribution which the state must make to education must be correspondingly greater. It also makes clear the fact that a direct obligation rests upon the Federal contributions to the maintenance of an education for citizenship that will ensure stability and the wise exercise of their democratic rights on the part of the people of Canada.

3. Importance of Education to Agriculture: In opening up the question of the importance and significance of education to agriculture, there was one fact strongly impressed on the Commission from many directions, the fact that the practice of agriculture by the majority of farmers lags far behind the technical knowledge which is available to all, but practised only by the minority.

That condition was not so important in the days of pioneer development as it is today. Nor would it be so important were we in a position of individual or national self-sufficiency because, to a very large extent, the abundant resources of nature have been utilized to such a degree as to give this country, in the past, a competitive advantage over producers in many of the older areas of the world. This advantage, however, disappears when the exploitative phase of development is over. That stage has been reached in Canada and it is now of the greatest importance to agriculture that the technical knowledge and advances of recent years be put into practice generally by all farmers in order to enter highly competitive fields on even an equal basis.

There is a great and growing complexity of agricultural practices, due to the growing mechanization of farming, the need for active soil conservation measures, the demands for new and better foods of higher nutritional value and due also to the need for intelligent and progressive organization for national and international marketing. This country has great numbers of agricultural producers, with a small volume for each producer, and it is therefore apparent that to secure efficient and profitable marketing methods, there must be a greater measure of organization to handle all these products efficiently and economically. The vocation of agriculture itself has become more and more scientific in all its branches, whether they be the breeding and raising of livestock, the growing of crops in the fields and orchards or the widely diversified activities of the dairy industry.

These complexities and difficulties can and must be solved by the farmers themselves. No other class of citizens can solve them for the farmers and this means that they must be trained and equipped for those tasks. That requires knowledge of many factors, highly specialized skills and a high degree of intelligence, coupled with a generous measure of reason and tolerance. The foundations for these can only be laid in the educational system which is provided for those who will be actively engaged in agriculture. Young people who intend to remain on the farms to make their livelihood as farmers cannot be poured into the same educational mold as those destined for business and industrial pursuits. They require a different type of education, one that must bear a close relationship to the needs of agriculture in the light of modern knowledge. A recognition of this fact and provision to meet the requirements indicated is the outstanding need of the rural educational system today.

Any system of education must take into consideration the underlying principles of learning. The significance of learning cannot be judged by mere exposure to learning, but rather by the manner in which active expression is given to what is learned. This is an important factor in rural education because its success depends on the extent to which the pupils are given an activity programme, and are put in the position of looking upon education as a co-operative enterprise. Thus the extension of education into practical fields is much more important in educating children for agricultural pursuits than for any other field, in spite of the fact that less attention has been given to vocational training and guidance for agriculture than to similar training for industry and business.



## B. STATE RESPONSIBILITY

1. Urban industry and commerce have been built up in past generations through the exploitation of agricultural resources, both material and human. They have used the products of a rich virgin soil and the surplus rural population as their raw materials and labour with which to carry on business. Urban industry and commerce must, therefore, be prepared now to make some contribution towards conservation of the remaining rural resources, both material and human and the first and primary step in this direction is to train and educate properly those who have to do the job of maintaining them, i.e. those who will be remaining in agriculture in the years to come.

It has been abundantly proven in the inquiries made by the Commission that the agricultural communities cannot, with their own resources, do this effectively and so only the state can effectively arrange the provision for costs of the education required, over and above the ability of the agricultural community to bear. So far, the educational system has been designed very largely to train young people for activities other than agriculture, which is directly contrary to the primary need for the continuance of a sound agricultural economy based on the production of the soil and the well-being of those who produce from the soil.

The essential difference between industry and commerce, on the one hand, and agriculture on the other, must be recognized. In industry and commerce, in respect to any one product, there are few business policy-makers. These are the heads of established concerns, who have come to the top through experience and a competitive weeding-out process. In farming, there is a great multitude of business policy-makers, each starting to lay down policies from the time he started out in agriculture with the best possible rental equipment and the greatest possible degree of technical knowledge of his vocation.

2. - The rural community, therefore, has definite and peculiar characteristics in its education needs. These can be stated as follows:

(a) That for educational opportunity equal to that of children in urban communities, the cost per pupil is greater and the taxable resources are less.

(b) The rural community, producing as it does a surplus of human beings, must educate a part of its pupils for urban life and another part to remain in agricultural life. Therefore, it has a double burden to bear in costs, because of the complexity of the facilities it must provide to take care of the needs of both classes of pupils.

## C. COMMUNITY RESPONSIBILITY

Even though these considerations indicate a greater need for state participation in the cost of rural education, it is of prime importance in our democracy that individual and community responsibility for organization and administration be preserved. It is fundamental that these two factors be kept as close to the people as is economically feasible and sound. Not only is the local knowledge of needs greater and more exact, but the annual check on expenditures and on the operation of the educational facilities by the people of the community provides for a greater measure of care and thought on the part of local school boards than could be secured from state centralization of organization and administration. It is, therefore, a matter of general agreement that, subject to the creation of operating units of an economic size and character, the features of local autonomy and responsibility must be retained as far as possible.

## D. SUGGESTIONS AND RECOMMENDATIONS

1. ADEQUATE FACILITIES MUST BE PROVIDED FOR THE DEVELOPMENT OF THE TYPE OF EDUCATION REQUIRED IN RURAL COMMUNITIES. THESE FACILITIES MUST INCLUDE:

(a) PROPER BUILDINGS TO HOUSE THE ESSENTIAL COURSES AND SUFFICIENT FOR THE NUMBER OF PUPILS TO BE EDUCATED.

(b) ADEQUATE EQUIPMENT TO PROVIDE FOR THE VARIOUS COURSES, PARTICULARLY FOR PRACTICAL WORK AND TO INCLUDE ELECTRICITY FOR ALL RURAL SCHOOLS WHERE POWER CAN BE MADE AVAILABLE.

(c) SCHOOL GROUNDS AND SURROUNDINGS TO PROVIDE HEALTHY PHYSICAL AND MENTAL ENVIRONMENT.

(d) WELL-TRAINED TEACHERS WITH A PROPER UNDERSTANDING OF RURAL LIFE AND RURAL REQUIREMENTS.

(e) ADEQUATE MEDICAL, DENTAL AND NURSING SERVICES FOR ALL RURAL SCHOOLS.

These facilities should, in every case, be adequate and sufficiently varied to provide for:

(a) MAKING THE COMPULSORY SCHOOL AGE FOR RURAL CHILDREN THE SAME AS THAT FOR URBAN CHILDREN - 16 YEARS OF AGE, SO AS TO PROVIDE FOR



THAT EQUALITY OF EDUCATIONAL OPPORTUNITY THAT IS REQUIRED AND THAT MUST BE ESTABLISHED.

(b) A BASIC EDUCATION SUITABLE FOR THOSE WHO INTEND TO UNDERTAKE A VOCATION OTHER THAN AGRICULTURE.

(c) A BASIC EDUCATION SUITABLE FOR THOSE WHO INTEND TO UNDERTAKE AGRICULTURE AS A VOCATION.

(d) THE PREPARATION OF THOSE WHO INTEND TO GO ON TO HIGHER EDUCATION LEVELS, SUCH AS NORMAL SCHOOLS, AGRICULTURAL SCHOOLS AND COLLEGES, UNIVERSITIES, ETC.

(e) AS ADEQUATE AS POSSIBLE A SYSTEM, AT A SUITABLE AGE LEVEL, FOR THE INTELLIGENT GUIDANCE OF PUPILS INTO THE ABOVE THREE GROUPS ON THE BASIS OF ADAPTABILITY AND ALSO ON THE NEED FOR KEEPING IN THE AGRICULTURAL INDUSTRY AS MANY AS POSSIBLE OF THESE ADAPTED AND QUALIFIED FOR AGRICULTURAL PURSUITS.

2. The first step towards this end is the general adoption of the larger unit of school administration.

This is of prime importance, because it creates the basic framework for the social, economic and municipal organization that on the one hand pools and evens up all rural area resources of taxation and assessment ability and makes possible more adequate and effective concerted arrangements with adjacent urban school districts to the benefit of both. On the other hand, it preserves and improves the important factor of local administration and responsibility without the dangers of coercive dictation. Moreover, it provides much easier and more effective means of contact with the essential governmental authority than is possible through a host of small section school boards.

It is essential in any approach to the broader type of rural education suggested that there be a recognition of the changes that have taken place in rural Ontario since the beginning of the present century. In the early days the school section system met the needs of the rural areas very well and the community was able to finance education to a greater proportion than at present. With advances in education, causing greater expense, the extent of state participation has increased steadily, until, in many of the weaker sections, the Province bears the major share of the cost. To make the new type of education effective, even greater state assistance will be required in these poorer sections even to the extent that the Province may, in many cases, have to bear from 80 to 90% of the costs. Therein lies a danger that if the small sections continue to function along, the control and direction of these sections might pass into the hands of state authority, for two reasons:

(1) Because it is obvious that if the state provides nearly all the funds, it is going to take over a greater part of the administration and (2) The fact that the community's share of costs drops to a very small percentage would detract from the interest shown by local people in their school administration. The creation of the larger school area with local administration on an elective basis continued for the larger areas is bound to be a safeguard against the loss of local autonomy in administration and organization of the educational system within each area.

The benefits of the larger unit of rural school administration have been placed before the Commission from many sources. Apart from the possible savings through larger buying powers for supplies and concentration of administrative services, and the possibility of securing a better type of teaching through the pooling of resources by sections of varying degrees of assessment and taxation, the larger unit makes possible the introduction and extension of services and courses which cannot be undertaken by school sections administered individually, without requiring the closing of any schools except on decision of the local board itself. The Commission is thoroughly convinced of the merits and advantages of the larger unit of administration and takes a strong stand in favour of its extension over the whole of the rural areas of the Province, in the hope of thereby influencing reluctant areas and helping to smooth out the differences of opinion therein.

3. The second step is the adaptation of the necessary courses of study to the requirements of rural children. This involves the question of the special subjects which are required and the age or grade at which they should be introduced to the pupils. The subjects in which training and practical work are especially essential to a balanced rural education include the following:

(a) Agricultural Science.	(d) Practical Agricultural Projects.
(b) Farm Mechanics.	(e) Domestic Science and Home Economics.
(c) Shop Work and Manual Training	



It is the view of the Commission that shop work and home economics should be introduced to the pupils of rural schools at the beginning of grade VII and agricultural science, practical agriculture and farm mechanics at grade II so as to provide for a continuous and progressive course extending over at least the next four years and grades, and continuing into grades XI, XII and XIII for all students remaining in rural high schools and collegiate institutes to these grades, on an optional basis.

To attain this objective, the question of the plan or method of teaching these and other special subjects in rural schools has to be considered. There are two alternatives - (1) The engaging of transient school teachers for the whole area, to visit the schools and teach special subjects, (2) The provision of transportation to take the pupils to particular schools which have the facilities and equipment for such subjects.

It is obvious that the use of transient teachers for many special subjects, requiring extensive facilities and equipment for practical work, cannot be considered as a satisfactory method of imparting such instruction, although in certain areas and sections it may be the only practical method and may serve a very useful purpose. The Commission believes that the method of providing transportation to take the children to larger schools where the necessary facilities and equipment are available is preferable to that of using transient teachers and recommends that it should be adopted wherever possible and practicable.

Another important question is that of shading or merging the work of grades VII and VIII into that of grades IX and X, which would have the following effects:

(a) This would tend to minimize or neutralize the present sharp break between the primary and secondary school at the end of grade VIII.

(b) It would provide for a continuity of courses throughout these most important four years in the school life of the majority of rural children.

(c) It would provide a basic course which could be completed by the majority of children at or about the age of 16.

4. Equality of Opportunity: If equal educational opportunity is to be provided for all children, concentration of population cannot continue to be the basis on which educational facilities and opportunities are developed. Rural students must be given the same choice so far as variety of courses is concerned as the children of urban areas. This can be done with the extension of the plan of composite high schools for rural areas. The creation of such a system, however, demands greater assistance from the state, since it is obvious that the small towns and rural districts cannot from their own taxable resources provide the necessary funds to sustain it.

The Commission is impressed with the need for the gradual elimination of smaller school units, such as continuation schools and for the transportation of pupils to larger schools where the essential variety of courses can be provided. This calls for a re-establishment of the educational system on a new basis so far as municipal boundaries are concerned. The logical system must be built up around the schools and trading communities, rather than on the basis of existing town, township and county boundaries. Centralization of administration in such logical areas and the development of a new rural secondary school programme cannot be achieved without a willingness to depart from the existing system of school areas based on municipal boundaries. Recognition of this is forced by the fact that community development proceeds without regard to municipal boundary lines.

A further innovation which is now being developed and which it is believed can function successfully is that of closer co-operation between urban and rural school authorities to provide for a further pooling of resources and educational facilities. While advances in this direction would have been almost impossible with the individual school sections, it has been proven that with the larger unit of school administration, plans can be developed in conjunction with adjacent urban school boards to provide the rural children with the special type of education they require and should have. In this direction there lies a great field for co-operative action to improve rural education without heavy costs for duplicate buildings and equipment, where such buildings and equipment are readily available in an adjacent urban municipality. This field holds out great possibilities for the development of useful plans of mutual benefit to



both urban and rural municipalities.

So far as the suggestion that the rural school leaving age be changed from 14 to 16 years is concerned, the Commission believes that there will be a ready acceptance of such a change by the farmers of Ontario if a more varied secondary school programme is offered and steps taken to provide the necessary transportation facilities.

5. Teacher Training: The training of teachers for rural schools is also a matter of the greatest importance to the future of education in rural Ontario. In the first place, the rewards of rural teaching must be made sufficient to make teaching in rural schools as desirable, from the standpoint of income, as teaching in urban schools, so that teachers will be willing to remain in the rural schools instead of regarding them merely as stepping stones into urban schools after a year or least start their careers in rural schools, greater emphasis must be placed on the needs of rural life and agriculture and on the development of a proper understanding of the peculiar types of problems which confront rural pupils and teachers alike. It is suggested that the training period for school teachers be extended and that as much as possible of the additional training period be devoted to practical instruction given in rural schools under the guidance and supervision of experienced and successful rural school teachers. While it is recognized that wartime conditions have been such as to render impracticable any immediate extension of the period of Normal School training, extension of the length of the Normal School course to provide for this period of practical work in rural schools, should be given serious consideration as a reform for the postwar period.

6. Present Provisions: In the course of its inquiries the Commission was impressed by the fact that there has been, in recent years, a recognition by the educational authorities of Ontario of the need in agriculture for special types of education. It is apparent that within the framework of the present Departmental Regulations there are means whereby rural education can be improved and made to fit more closely the needs of agricultural life, through the following plans:

(a) Creation of composite high schools in which agricultural education can be given special attention.

(b) Special high school courses in agriculture and agricultural collegiates under the Vocational Training Regulations.

While such courses are available at the present time, they have not been universally adopted because of the inability of the low assessment rural areas to take advantage of them. It is strongly recommended that the necessary amount of financial assistance should be given, in the form of largely increased grants for special courses and subjects and to provide the facilities and equipment therefore in order to make these new trends in rural education available to the lower assessment areas of the rural communities.

Towards that end, the Commission strongly recommends that every consideration be given to the necessity of providing greater measures of provincial financial aid for those school areas desiring to establish courses which are specially fitted for those intending to follow the vocation of agriculture.

All of which is respectfully submitted.

ONTARIO AGRICULTURAL  
COMMISSION OF INQUIRY.

A. LEITCH,  
Chairman.

M. McINTYRE HOOD,  
Secretary.



## FURTHER REPORT ON RURAL EDUCATION

Adopted January 17, 1945.

After the completion of formal state education, as indicated above, there is still a great need for providing opportunity for the young people who have chosen the farm as their future theatre of life to acquire instruction in the practical and technical phases of production, guidance in the art or practice of mutual association for co-operative effort in economic and social activities, and for continuance of the desirable intellectual and cultural processes set in motion by their earlier exposure to formal schooling.

There is a great and rather lamentable gap in Ontario facilities for supplying this type of education. This is partly understandable in that the modern pattern of agriculture as a complex combination of individual resourcefulness, a skill and energy, with almost complete dependence upon the activities of all other economic and social groups, has but recently emerged out of pioneer individualism.

No longer is the farm or farm home in itself a complete training ground for its youth between the time of leaving school and that of accepting the full responsibilities of farm operation and direction. This is the period of life in which lies the greatest potentiality for shaping and developing the fullest capacity of the skills, mental capacity and understanding required for future use in this complicated agricultural life. Whatever is necessary in the field of technical instruction and intellectual guidance to supplement the traditional farm training must be supplied in such manner that the whole process can function concurrently. Simply, this means providing the essential educational facilities at points accessible to the farms on which the youth live and at those periods of the year when farm work permits their convenient use.

In this province useful experience has been gained: (1) Through the operation of two year and shorter courses in Agriculture at the Ontario Agricultural College and more recently at the Kemptville Agricultural School, and (2) Through the holding of short courses (of one to three months) in many of the counties during the past quarter century, under the direction of the Agricultural Representatives.

The noteworthy conclusions to be drawn from the above activities are:

(1) Despite the admirable character of the courses offered at the two schools mentioned above, the abundance of equipment and facilities there made available, and the high qualifications of the instructors at those institutions, only a minute fraction of the farm youth available for and needing such instruction were able to take advantage of the opportunities offered.

(2) A large proportion of that minute fraction found opportunities to go forward into the fields of higher training for professional agriculture, a most worthy and useful end in itself, but having the effect of reducing to an almost absurd minimum the benefit of returning significant numbers to the ranks of practising farmers. The absurdity is most apparent when the cost per man actually returned to the farm is taken into account.

(3) The short courses offered in the counties reached many more of the farm youth and of those served a much larger percentage remained on the farm. The courses themselves provided the opportunity and stimulus for a very noteworthy degree of youth organization for useful economic and social purposes. This must be a primary function of the educational processes at this level of agricultural education, because organization is the solution of those farm problems arising out of the interdependence of all the economic groups in society.

(4) Considering the lack of essential equipment, the impermanence caused by scattering these courses around the various sections of the counties (a need likely to disappear under modern conditions of transportation), and the loading of responsibility for these courses on the Agricultural Representatives, with their widely varying duties and capacities. This system has had a great measure



of success. This points to a system of farm education at this level of youth's requirements which, is properly expanded to meet the deficiencies mentioned, would result in a more effective and economical use and organization of local energy and essential state support than can be accomplished by an enormously costly expansion of the Guelph-Kemptville School method of serving this educational purpose.

The Commission believes that elaborate equipment, laboratories and classrooms, publicly-owned herds and flocks, and commodious living quarters are not vital pre-requisites to effective farm education at this level.

For the purposes of short courses, the fields, orchards, gardens, herds and flocks of any farm community are open and available for any appropriate study and observations. So are the methods and activities of nearby co-operative organizations and in most cases private enterprises closely associated with farm business. A minimum amount of permanent instruction personnel would be required and that minimum would find adequate year-round duties and guidance of youth projects, both economic and social, that would be the inevitable accompaniment of the short course type of education of rural youth. The particular technical instruction not possible to render by these permanent personnel could be imparted by a corps of temporary itinerant teachers organized for this purpose. Agriculture, fortunately, supplies a considerable body of this class available in winter months, out of both professional and practising branches of the vocation.

It is also suggested that where school facilities and equipment suitable for the purpose are available in locations in which such short courses might be held, that arrangements might be made for the effective use of these facilities and equipment, and possibly of such school staff members as might be competent to give instruction.

This suggested plan assumes that students will either live at home or will find accommodation in the short course centre for the period of the course, if transportation difficulties intervene. In both cases, the essential contact with the farm home is not broken, a fundamental condition for success in this type of education. Equally important is the fact that the associations formed and the youth activities initiated are not broken on completion of courses, but go on in the circle of continuous community life in which they originated.

The Commission therefore recommends:

- (1) THAT A DEFINITE POLICY OF SHORT AGRICULTURAL COURSES (ONE TO THREE MONTHS) BE ESTABLISHED IN ALL COUNTIES AND DISTRICTS OF THE PROVINCE ON A PERMANENT BASIS, THESE COURSES TO HAVE SUBJECTS FOR GIRLS AND YOUNG WOMEN AS WELL AS YOUNG MEN.
- (2) THAT A MAN BE APPOINTED WITHIN THE DEPARTMENT OF AGRICULTURE CHARGED WITH THE PROMOTION AND DIRECTION OF THIS POLICY.
- (3) THAT CONSIDERATION BE GIVEN TO THE POSSIBILITY OF ORGANIZING NIGHT CLASSES ON AGRICULTURAL SUBJECTS AS WELL AS CULTURAL AND ACADEMIC SUBJECTS FOR THE BENEFIT OF YOUNG PEOPLE IN THE RURAL AREAS.
- (4) THAT ACTIVITIES OF RURAL YOUTH GROUPS WHICH ARE CARRYING ON CO-RELATED PROJECTS COMING WITHIN THE FIELD OF EDUCATION BE GIVEN RECOGNITION AND BE ELIGIBLE FOR GOVERNMENT FINANCIAL ASSISTANCE.

#### ----- AGRICULTURAL COLLEGE EDUCATION.

At the level of higher agricultural education and research, the Commission finds that these peculiar needs of agriculture in the Province have been well served by its Agricultural College at Guelph for a period of over 60 years. During the first half of this period it was the only institution of its kind in Canada. The influence of its teaching and the character of its courses have had



a profound effect on the evolution of a sound and practical approach to the adaptation of farm practice to scientific theory, not only in Ontario, but in the whole of the United States as well as Canada. Its contributions in experimental technique in field crop improvement, weed and insect control, live stock breeding, poultry management and marketing and soil analysis, are monumental accomplishments in that area of research that lies adjacent to actual farm practice. Its students have taken a high place, not only in the academic and professional fields of agriculture, but equally so in the broader economic, social and political spheres of North American life.

The activities of the College cover a wide diversity of academic, technical and scientific features. The Commission therefore felt that the field of its inquiries might properly be limited. Its responsibility for inquiry would seem to be discharged adequately if examination were made only into such features as the adequacy of financial support and of the general management and direction policy of the institution to meet the rapidly mounting demands of the agriculture of Ontario. These demands include basic scientific knowledge to farm practice and training of a continuous supply of competent men and women to provide these essential services.

A pre-requisite to the successful accomplishment of these purposes is the building and adoption of long term research and teaching policies, by a competent and experienced body representative of and widely familiar with the agricultural industry and all its complex relationship to the whole society. Next, the responsibility for the general administration of such policy should be entrusted to such a Board acting through a President clothed with ample powers for efficient day-to-day decision of all details and responsible to the said Board for the execution of its policies.

This kind of organization becomes more imperative as time goes on, because the needs and processes of modern education and research become ever more complex and thereby less capable of comprehensive understanding by individuals, no matter how competent, able and well-intentioned.

Under the present system of control of the Agricultural College, the policy of the institution from time to time is practically at the mercy of the personal ideas, whims and preconceptions of the Minister of Agriculture in the Government of the day. The fact that political accident sometimes produces Ministers with a sympathetic understanding of the College needs does not alter the fact that great harm has been done at other times, because of policy changes, and also by personal participation by Ministers in details of academic direction outside the sphere of their qualifications and experience. When educational processes were simpler than today, and programmes of highly technical instruction and research had but little superficial relation to the things of the moment, although fundamental to modern knowledge, this situation was not so damaging. Able Presidents, with which the College has been blessed consistently, and equally resourceful and strong-willed department heads from time to time, because of their strong standing among the farmers they served have been able to mitigate some of the damage that might otherwise have resulted from this situation,

It is highly necessary that all branches of teaching and research are supported with equal vigour and with full regard to the importance of each subject. Therefore it is important that the degree of support or emphasis on each should not be solely at the discretion of the College Head responsible only to the Minister of the day. A Governing Board, drawn from all elements of society that can make a contribution to the problems of agricultural education and research, with appropriate provision for gradual and periodic changes in its membership, is the only proper system yet devised for the administration of important educational institutions of this rank.

True, the entire financial support of the Ontario Agricultural College comes from the annual appropriations made by the Ontario Legislature. That the Minister of Agriculture, in whose department



responsibility for the institution is lodged, should exercise considerable control and oversight is understandable and not inappropriate. Nor under the circumstances is it inappropriate that the current rules and regulations that govern the salary and working conditions of the general civil service should be applied to the College personnel and faculty. Such rigid rules and regulations, necessary in the day to day conduct of ordinary government business, do not, however, fit the realities of a situation where a body of men are engaged because of special mental and intellectual equipment and where the competitive conditions surrounding their supply embrace a wide variety of personal qualifications and peculiarities. Particularly the salary scale in the middle and upper brackets of the professional staff is quite inadequate. Here the level is well below that of any equivalent institution. Moreover, during the past ten years the scheme by which junior members of the faculty were assisted and encouraged to take post-graduate work in other universities has been practically suspended. This present combination of low salaries to senior staff members, with no opportunity for juniors to improve further their academic status, can result in time only in a destructive lowering of the academic capacity of the institution.

The total appropriations voted annually for the College are not niggardly. They amount to a net of nearly \$500,000 a year. Nevertheless, the total of monies thus devoted to higher agricultural education is much less in total than that devoted to the same purpose in those states of the United States where agriculture occupies a similar relative position in the state economy. Nor does the Ontario support for this purpose look imposing, relative to the wealth of the Province, when compared with that of other Canadian Provinces. The College is in dire need of additional buildings and equipment, partly because of a policy of restricted expansion of the last twelve years, accentuated by war conditions. The end of the war will find these conditions:

(1) A tremendous demand for trained personnel in agriculture to help solve a host of postwar problems.

(2) A rush of students, both regular students and postwar trainees.

(3) The necessity of rebuilding the Department of Agricultural Economics and Agricultural Engineering. Neither of these has had the vigorous support and promotion in recent years which their importance, in the modern developments of farm management, marketing organization and mechanization, creating increased demands for help and service, would justify.

(4) Moreover, there will be the vital need of establishing a department to deal effectively with the problems of soil conservation, as indicated elsewhere in this report.

The Commission therefore:

VIGOROUSLY SUPPORTS THE CURRENT MOVE TO ESTABLISH A BOARD OF GOVERNORS TO DIRECT THE ADMINISTRATION OF THE COLLEGE.

The Commission further urges the administration, whatever form it may take, to:-

(a) SET UP FORTHWITH A PERMANENT COMMITTEE OR OTHER BODY CONSISTING OF THE COLLEGE PRESIDENT, THE HEADS OF ACADEMIC DEPARTMENTS, SOME REPRESENTATIVES OF THE COLLEGE ALUMNI AND OF THE SENATE OF THE PROVINCIAL UNIVERSITY AND OF THE DIRECTORS OF BRANCHES OF THE DEPARTMENT OF AGRICULTURE, FOR THE PURPOSE OF GUIDING AND ADVISING THE PRESIDENT ON MATTERS OF A PURELY ACADEMIC NATURE, SUCH AS CONTENT AND BALANCE OF COURSES, DISTRIBUTION OF RESEARCH ACTIVITIES AND EXAMINATIONS.

(b) TO ESTABLISH A SOILS DEPARTMENT TO DEAL ADEQUATELY WITH THE ACADEMIC AND SCIENTIFIC PROBLEMS OF SOIL CONSERVATION AND TO PROMOTE PRACTICES THAT ARE APPROPRIATE IN THIS FIELD.

(c) TO RESTORE THE DEPARTMENT OF AGRICULTURAL ECONOMICS TO A POSITION WHERE IT CAN AGAIN MEET THE MODERN DEMANDS FOR SERVICES IN THE FIELD OF FARM BUSINESS AND SOCIAL ORGANIZATION.

(d) TO WIDEN AND EXPAND THE FACILITIES OF THE DEPARTMENT OF FARM ENGINEERING AND MECHANICS AS A SEPARATE DEPARTMENT, TO SERVE ADEQUATELY THE RESEARCH AND INSTRUCTION NEEDS OF MODERN FARM MECHANIZATION.



(e) TO ADOPT A MORE REALISTIC SYSTEM OF SALARIES FOR THE ACADEMIC STAFF AND OF OPPORTUNITIES FOR JUNIOR MEMBERS THEREOF TO ENLARGE ADEQUATELY THEIR MENTAL AND SCIENTIFIC HORIZONS.

(f) TO TAKE IMMEDIATE STEPS IN CONJUNCTION WITH THE DEPARTMENT OF EDUCATION TO TRAIN TEACHERS FOR SERVICE IN THE DEPARTMENTS OF AGRICULTURE NOW BEING INTRODUCED IN MANY HIGH SCHOOLS, A FIELD WHICH GIVES EVERY INDICATION OF RAPID EXPANSION AS SOON AS QUALIFIED TEACHERS ARE AVAILABLE.

It is further recommended:

THAT THE PRESENT RELATIONSHIPS BETWEEN THE COLLEGE AND THE BRANCHES OF THE DEPARTMENT OF AGRICULTURE SHOULD BE SUBSTANTIALLY MAINTAINED, AS IT IS BELIEVED THAT THE CARRYING OF EXTENSION FUNCTIONS BETWEEN THE TWO INSTITUTIONS HELPS TO KEEP THE COLLEGE CLOSER TO THE FARMERS' PROBLEMS AND CORRESPONDINGLY HELPS KEEP THE BRANCHES UP TO DATE ON AGRICULTURAL TECHNIQUES AND PRACTICES.

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REPORT ON RURAL YOUTH ORGANIZATION.

Adopted January 19, 1945.

Any young people's organization which today attempts to organize groups of their number finds that one of the greatest limiting factors, is the competition of some other young people's organization doing valuable work, and, in some respects, the same kind of work is contemplated by the group being organized. Young people of a rural community cannot very well give their time and energy to more than one organization. The opportunity to hold their present local local group or club and at the same time take part in a worth while province-wide programme would undoubtedly be welcomed by most of these groups.

This war has taught the lesson that all democratic organizations have fundamentals in common, and that these fundamentals are far more important and vital than the smaller and less important matters which cause division. Practically all of those qualified to give leadership in farm thought and who are charged with responsibility for doing so, whether in farm organizations, government, university, church or adult education agencies, are agreed on the importance of the rank and file of young rural people participating actively in:-

- (1) Discussion groups of forums.
- (2) Local farm organizations.
- (3) Co-operative enterprises in the community (Producer and Consumer Co-operatives, Credit Unions, etc.)
- (4) Projects for improvement of agricultural practice, of community life and for social reforms.
- (5) Local religious organizations.

Programme features under the above headings would come within the scope of an over-all farm youth programme. It is generally recognized that each of these has a contribution to make to the effective functioning of democracy.

It is the view of the Commission that those agencies now actively engaged in the promotion of young people's work in the Province could join together to build a province-wide youth programme. If this could in time expand to a nation-wide programme, so much the better. This does not suggest disrupting any existing local young people's organization. Each would be allowed to continue to do its own special work, while combining with others for the conduct of programme activities along social and economic lines.

Co-operating Agencies.

The agencies which might come together in such a programme are as follows:

- (1) The Ontario Department of Agriculture.
- (2) The Ontario Department of Education.
- (3) The Ontario Federation of Agriculture.
- (4) The Co-operative Union.
- (5) The National Committee on Boys and Girls Club Work, Inc.

Suggested lines along which these various agencies might work are as follows:

Ontario Department of Agriculture.

- (a) Giving leadership, direction and financial support to a provincial rural youth movement.
- (b) Giving County leadership through the Agricultural Representatives and their assistants.
- (c) Inviting and enlisting the support and co-operation of the other agencies mentioned above.
- (d) Assisting with arrangements for annual meetings, short courses which would be available to all youth groups, conferences, etc.
- (e) Making available useful literature, use of films, etc.
- (f) Assisting with action projects such as dental clinics, community improvement, organization of sports and other recreation, improvement of farm herds and poultry flocks and production surveys.
- (g) Providing agricultural bulletins especially designed for farm youth starting out for themselves. e.g., dealing with such matters as farm credit, father and son partnerships, simple farm accounting, etc.



Ontario Department of Education.

(a) Use of facilities of public and high schools and universities for young people who have passed school age for short courses, night classes, radio programmes, films and other community activities.

(b) Use of such school equipment as recreational, agricultural, household science and manual training facilities for properly supervised groups under local youth organizations.

(c) Making available good literature, not necessarily agricultural literature, for the use of rural youth groups, and giving assistance in building up good rural libraries.

Ontario Federation of Agriculture.

(a) Assisting generally in the co-ordination of existing youth groups, and encouraging organization of those where they do not now exist.

(b) Planning of opportunity for young people's representation on county and provincial federation directorates.

(c) Encouraging intelligent study of and co-operation with commodity groups in the local communities.

(d) Organizing farm forums and assisting with forum action projects.

The Co-operative Union.

(a) Helping to promote the study of co-operative enterprise, the Rochdale principles, etc., in the programmes of young people's groups.

(b) Making it a responsibility of directors of co-operatives, local and provincial, to offer leadership in co-operative action projects.

(c) Encouraging young people to take out membership in their own local co-operative enterprises and to feel that their youth organization is a vital part of such co-operative enterprise.

The National Committee on Boys and Girls Club Work, Inc.

To promote and co-operate in production projects through Boys and Girls Clubs, and by means of inter-provincial competitions in such projects.

There are indicated above the five agencies whose co-operation appears necessary to give effect to any programme of a province-wide nature directed to promoting and maintaining the desirable ends herein set forth.

Among these agencies the one whose particular duty it is to foster and supply both continuous policy and public financial support is the Department of Agriculture. The movement itself must be essentially agricultural, and its aim and purpose is to serve the eventual needs for fitness to discharge the economic and social purposes of farming. Much of the Departmental machinery for extension of general sound agricultural practices at the county level is already in existence to help guide and direct the various programmes.

The state is the only agency that can assure continuous and adequate financial support to provide a province-wide application of the movement.

The Department of Agriculture is the only agency mentioned that can adequately and properly invite and encourage the support and co-operation of the other four agencies mentioned.

The Department of Agriculture is already in this field with a programme of some thirty years history of continuous operation. This programme of young activities, it is true, did not embrace every social and economic activity set out in this report. To some extent it was confined most largely to straight production projects. These are matters of prime importance in themselves and must always be a prominent feature of any rural youth collective activity.

This particular programme, known as the Junior Farmer Movement, has had its ups and downs in its thirty years history. It shows signs at the moment, however, that it has the desire and the added departmental support to widen its field of activity and cultivate it more intensely.



The Commission therefore recommends:

- (1) THAT THE JUNIOR FARMER PROGRAMME WITHIN THE DEPARTMENT OF AGRICULTURE BE BROADENED OUT TO THE EXTENT THAT IT WILL INCLUDE ALL THE YOUTH ACTIVITIES MENTIONED HEREIN.
- (2) THAT IN ORDER TO PROMOTE UNITY AMONG RUR'L YOUTH GROUPS IN THE FUTURE, A NEW NAME BE CHOSEN FOR THE PROGRAMME IN SUBSTITUTION FOR THE TITLE "JUNIOR FARMERS" SO THAT THE NAME WILL SUGGEST THE ACTUAL INCLUSION OF EVERY USEFUL RURAL YOUTH ACTIVITY THAT HAS SPONTANEOUSLY ARRISEN IN THE PAST AND THAT THE WORDS "RUR'L" AND "YOUTH" BE PROMINENT FEATURES IN THE NEW TITLE.
- (3) THAT THE PRIMARY CONSIDERATION IN THE SUPPORT OF THE MOVEMENT BY THE DEPARTMENT OF AGRICULTURE SHALL BE THAT THE YOUTH INITIATE, DIRECT AND MANAGE THEIR OWN PROJECTS AND PROGRAMMES
- (4) THAT THE DEPARTMENT OF AGRICULTURE SET UP WITHIN ITS AGRICULTURAL REPRESENTATIVES BRANCH A PERMANENT FULL-TIME DIRECTOR AND A NUMBER OF FIELD SUPERVISORS FOR RURAL YOUTH PROGRAMMES.

#### Programme

Programmes will of course vary according to the locality and the needs and wishes of the young people in that locality. No stereotyped form of programme, in which an attempt might be made to have all groups carry on the same kind of activities at the same time and in the same way, should be attempted. Neither should there be too much programme planning from the top down, such as by the distribution of a great deal of mimeographed literature with instructions, "This is what you must do." The necessary leadership from those older in years and experience should be given in its widest and kindest form, that of pointing out the way, smoothing out a few obstacles and then remaining purposely in the background until called upon, so that the young people may be encouraged to do their own thinking, carry out their own plans and make their own mistakes. There should be concern, not so much in what they should have done for them, as in seeing that they have an opportunity of doing things for themselves. For this reason, and with the knowledge that the young people themselves might add a good deal to the list, it is suggested that the following should be available:

Opportunity for all youth groups, whatever they may call themselves, and for whatever purpose they may be organized:-

- (a) To participate in carrying out the functions of democratic organization.
- (b) To participate in a wide variety of wholesome forms of recreation, preferably organized by themselves.
- (c) To study scientific and practical methods of production.
- (d) To study marketing and the distribution of farm products.
- (e) To study co-operative enterprises for the purchase and sale of farm supplies and products, and co-operative credit.
- (f) To study social problems and community improvement projects.
- (g) To combine cultural development and pleasure along such lines as dramatics, music, art appreciation, good literature, the use of good films, etc.

In laying plans for any type of youth programme, it must not be forgotten that the postwar period will bring with it many new problems affecting young people, with which they must be prepared to deal. The first of these, perhaps the most important, will be the return of the boys and girls who have been serving in the various forces. It is hoped that many of these will plan to make their homes in rural Ontario, and the period of adjustment through which they must pass will not be easy. If rural youth organizations can in any way help these young people, thought should be given to their participation in this work.



REPORT ON LIVE STOCK COMMITTEE.

ADOPTED January 22, 1945.

CATTLE

In the Province of Ontario there are many famous breeding farms noted for their production of registered breeding stock, in horses, cattle, sheep and swine. It is therefore to be regretted that commercial live stock is not of a higher average quality than may be found in the Province. It is only necessary to visit the market centres for live cattle to see abundant evidence of indiscriminate breeding practices on the farms from which these animals came. Animals found in the public stockyards are virtually non-descript and are not desirable for slaughter or not likely to be profitable as feeders for butchers' needs.

Much of this condition has been due to the use of dairy bred bulls on all kinds of cows and perhaps more is to be blamed on the use of the "scrub" bull, which is one without any good blood of any breed. In all probability he is only a bull calf which, raised on the farm, has not been sold as veal, or castrated, or hit on the head, as he should have been. Heifers from such a system of breeding, raised as cows, must of necessity show deterioration in quality, cross after cross, until they become of practically no value for milk production or for breeding profitable beef cattle.

In some parts of the province, such practices prevail more than in others and on the other hand, certain districts are noted for a higher average quality in dairy or beef herds. The latter condition must be credited to the consistent use of better sires on herds of cows where their individual qualifications best fit them for the job they were intended to do. It would appear, therefore, in the case of the careless or, perhaps, reckless man, that only one thought is in mind, and that to have his cows freshen. This can be done, of course, by bulls without breeding background as well as by bulls with good blood and likely to show improvement in their progeny. The loss to each individual farmer who follows such a programme is very evident, and across the province aggregates a tremendous total. It therefore becomes a matter of importance to the state, and to the public at large, and the Commission believes that active leadership should be given by the Ontario Government in a programme of education, and, in some cases, persuasion coupled with coercion.

Improvement may only be accomplished through the use of better sires. This is very definitely apparent to all who have given the whole situation serious thought and consideration. It should not be necessary in this report to quote specific instances in which bulls of the dairy breeds have been used with very marked success as improvers of herds, not only for quantity in milk production, but for quality as well. In all probability, there is such a herd in a district in which average production is far below a profitable level, but still the neighbours will not follow this example, or copy practices so well proven. A bull or bulls from ancestors which are known high producers will certainly bring about improvement in quantity and quality of milk in the offspring from almost any kind of cow.

In no less degree, the farmers who contemplate disposal of their young stock as feeders or butcher cattle are to blame for the use of bulls which are not working improvement in the herds in which they are used. This is, perhaps, particularly true in the case of the small farmer whose herd is not large, and where a carelessness develops because greatly increased returns cannot be expected. On a percentage basis, the increase in value of a good steer is the same, and no matter how small the herd, it should be a consideration worth study.

The case of a small rancher in Western Canada is worth noting. He used the best bulls available and paid fair prices for them. When asked why cheaper bulls would not answer his requirements, he said, "I sell 50 beefeves a year and it is not uncommon for me to receive \$10 a head more than my neighbours, which is \$500 - more than twice what I pay for my bulls. At only \$5.00 increase over my



neighbours, the increase pays for the bulls, and as well, I have heifers for replacements in the herd."

An instance on Manitoulin Island, where a definite Better Bull Policy has been in operation under the direction of the Federal Department of Agriculture for a few years, shows how that policy was well justified last autumn. An auction sale of steers and feeder cattle was held, at which some 1,600 cattle were sold at very satisfactory prices for the producers, and good feeders were provided to pleased buyers. It is felt that a reputation and thereby a demand has been established for Manitoulin feeder cattle. Such an experience might be duplicated in other parts of the Province.

It is the considered opinion of this Commission that the Government of the Province of Ontario should press the Federal Government at Ottawa for expansion of its present Better Bull Policy, and that a largely augmented programme be carried out which will result in an impressive and important improvement in market live stock of this Province.

Ontario falls far short of supplying its own requirements in beef cattle, and presently imports feeders for finishing from other parts of Canada. This is a very costly and hazardous business and often means loss in the operation. There is no sound reason why cows in this Province should not be producing calves which would make profitable feeding cattle, if only well bred sires could take the place of "runts" and "scrubs" which have no breeding to recommend them. It should easily be within the range of achievement for Ontario to fill its own beef cattle requirements.

In a development of the present Federal Better Bull Policy the Government of Ontario can well afford to co-operate in financing the project to an extensive degree, because it should return wealth to the people and the Province many times the costs incurred.

Since motor trucks have come into general use a large number of cheap bulls has been taken from the Stockyards back to the farmer. For many reasons this is a most undesirable practice. First objection is the danger of spreading disease; second, the possibility that such a bull has been sent for slaughter because of being a non-breeder, and, most important of all, he is in all probability lacking in breeding. A large business is being carried on in the country, outside the Stockyards, where a trucker-drover supplies the farmer with a scrub bull, without cost - whereby the farmer has the use of the bull and when through with him turns him back to the drover in good condition - a good transaction for the drover, but a doubtful one for the farmer.

In view of the foregoing, the Commission Recommends:

(1) THAT THE PROTECTION OF CATTLE ACT, R.S.O., 1927, CH.304, AS AMENDED BY 1928, CH.50, BE REPEALED, BECAUSE OF THE LIMITATION OF ITS PROVISIONS TO GIVING COUNTY COUNCILS AUTHORITY TO PASS BY-LAWS, AND WHICH DOES NOT MAKE IT OF PROVINCE-WIDE EFFECT, AND

THAT LEGISLATION BE ENACTED MAKING IT ILLEGAL TO COLLECT FEES FOR THE SERVICE OF A BULL WHICH IS A GRAIN OR UNREGISTERED NON-ELIGIBLE ANIMAL, AND THAT ANY OFFENSE BE CRIMINAL BY A SEVERE PENALTY, AND THAT SUCH LAW BE RIGIDLY ENFORCED.

(2) THAT IT BE MADE ILLEGAL FOR ANY BULL, BOAR, OR RAM TO BE SHIPPED FROM ANY MARKET-PLACE FOR RETURN TO THE FARM.

(3) THAT IT BE MADE ILLEGAL FOR ANY PERSON TO BUY, SELL, RENT OR LEARN, OR OFFER FOR SALE, RENT OR LEAN ANY BULL, BOAR OR RAM FROM A FARMER OR TO A FARMER FOR BREEDING PURPOSES, WHICH IS NOT A TRUE BRED OF KNOWN BREEDING OR REGISTERED OR ELIGIBLE FOR REGISTRATION. THIS SHOULD BE MADE TO COVER THE PRACTICE OF GIVING OR LOANING FULLS OF UNKNOWN BREEDING TO FARMERS WHO RECEIVE THEIR SERVICE IN RETURN FOR THEIR KEEP.



(4) IN THE PRACTICE OF THE ABOVE RECOMMENDATIONS SCRUB Sires SHOULD LARGELY DISAPPEAR OR BE ELIMINATED, AND TO TAKE THEIR PLACE LIBERAL GOVERNMENT ASSISTANCE SHOULD BE MADE AVAILABLE FOR THE PLACEMENT OF WELL BRED BULLS. THE COMMISSION BELIEVES THAT THE BEST WAY TO ACCOMPLISH THIS IS BY ENCOURAGEMENT TO THE FARMERS WHO WILL CO-OPERATE IN WORKING OUT SUCH A PLAN. SALVAGE DERIVED THROUGH THE DISPOSAL OF THE SCRUB BULL SHOULD GO TOWARD THE PURCHASE PRICE OF THE BETTER BULL. FOLLOWING THIS, THE FARMER SHOULD RECEIVE ASSISTANCE IN PAYING FOR THE NEW BULL, BY INSTALMENTS. THE LAST PAYMENT SHOULD BE IN THE FORM OF A BONUS WHICH WOULD BE PAID ON THE BASIS OF A MINIMUM NUMBER OF FEMALES WHICH HAVE PRODUCED CALVES OR ARE IN CALF TO THE APPROVED SIRE OVER A PERIOD OF FROM TWO AND A HALF TO THREE YEARS. SUCH DIRECT ASSISTANCE, COUPLED WITH OWNERSHIP OF BETTER CALVES, SHOULD PROVOKE INTEREST AND PRIDE IN THE PART PLAYED BY THE FARMER IN THE DEVELOPMENT OF THE PROJECT.

(5) THAT A CENSUS BE TAKEN OF FARM Sires IN THE PROVINCE- BULLS, BOARS AND RAMS. THIS WILL ESTABLISH THE NUMBER OF Sires, WHETHER PURE-BRED, AND IF SO, WHAT BREED. A CAREFUL RECORD SHOULD BE MADE OF ALL MALES WHICH ARE NOT PURE BRED OR REGISTERED. THIS SHOULD BE MOST HELPFUL AND INFORMATIVE, ESPECIALLY IN THOSE AREAS WHERE BETTER SIRE PROGRAMMES ARE CONTEMPLATED.

(6) THAT DEFINED AREAS BE SELECTED WHERE WELL BRED DAIRY BULLS MIGHT BE PLACED TO THE ENTIRE ELIMINATION OF THE SCRUB IN DAIRY HERDS. IF, IN THE OPINION OF THE MINISTER OF AGRICULTURE, A REASONABLE MAJORITY OF THE FARMERS IN THE AREA AGREE TO FOLLOW SUCH A PLAN, THE MINORITY SHOULD BE BROUGHT IN THROUGH LEGISLATION.

(7) THAT DEFINED AREAS BE SELECTED WHERE WELL BRED BEEF BULLS MIGHT BE PLACED TO THE ENTIRE ELIMINATION OF THE SCRUB IN BEEF HERDS. IF, IN THE OPINION OF THE MINISTER OF AGRICULTURE, A REASONABLE MAJORITY OF THE FARMERS IN THE AREA AGREE TO FOLLOW SUCH A PLAN, THE MINORITY SHOULD BE BROUGHT IN THROUGH LEGISLATION.

(8) Much interest and discussion has taken place in the past few years regarding the use of artificial insemination as a means of rapid live stock improvement. Considerable work is being done along this line by the Federal Department of Agriculture, and with apparent success as far as the work has progressed. Under the sponsorship and direction of the Ontario Department of Agriculture and the Ontario Cheese Producers' Association, an artificial breeding unit has been established with dairy cattle in an area in Leeds County. This has not been in operation for a year as yet, and final observations are not possible at present. The possibilities of quick, large scale improvement through this method have apparently been well proven in Russia, Denmark and Holland, and more recently in the United States.

Ontario farmers are already inquiring as to the possibilities of artificial breeding and some demand has been noted for more information. In all probability this will continue and the Ontario Department of Agriculture should be prepared to meet the needs of the situation as they arise. From the viewpoint of the State, in considering the greatest good to the greatest number, there can be no question about the efficiency of successful artificial breeding units.

THE COMMISSION THEREFORE RECOMMENDS THE EXTENSION OF ARTIFICIAL INSEMINATION UNITS IN BOTH DAIRY AND BEEF CATTLE, WHERE CONDITIONS APPEAR TO WARRANT THEIR ESTABLISHMENT.

(9) THE COMMISSION FURTHER RECOMMENDS:

THAT THE ABOVE SUGGESTIONS BE DEVELOPED IN CONJUNCTION WITH, AND RECEIVING THE CO-OPERATION OF THE FARMERS AND THE MUNICIPALITIES INVOLVED. SUCH GOVERNMENT ASSISTANCE SHOULD NOT SOLELY BE OFFERED THE PEOPLE, BUT SHOULD BE PRESESSED UPON THE COMMUNITY FOR APPROVAL AND ADOPTION. WHERE PROJECTS ARE DEVELOPED ON AN AREA BASIS, THE COMMISSION FEELS THAT GREAT BENEFIT MIGHT BE DERIVED THROUGH THE ORGANIZATION OF ANNUAL SALES, ESPECIALLY IN THOSE DISTRICTS IN WHICH YOUNG STOCK IS NOT LIKELY TO BE FINISHED FOR THE ULTIMATE MARKET. FURTHER REFERENCE WILL BE MADE TO THIS IN THE REPORT ON THE MARKETING OF LIVE STOCK.



SWINE

Ontario has made great improvement in the quality of its hogs over a period of a number of years, until at present it has large numbers of pigs of suitable type and character for the major market - which is Great Britain. Breeders of pure bred pigs have been able to supply an advanced type of boar, which has resulted in a more suitable hog for the export market. It is now considered a fact that Ontario farmers are breeding the right kind and that good boars are available for use throughout the Province. Considerable assistance has been rendered by the Ontario Department of Agriculture through a boar policy which has been in operation for some time.

While the above may all be true, it is nevertheless regretted that a larger percentage of hogs do not qualify under the rigid requirements of the highly-desired "Wiltshire Side" quality. Having type and breeding qualifications, there must, then, be something wrong from there on. It is considered a fact that a small percentage of pigs born Grade "A" quality and not Grade "A" quality on the rail. This condition therefore can be attributed only to methods of care and feeding in the process of preparation for market.

Due to immediate war demands, the production and marketing of hogs in this Province has assumed tremendous proportions and perhaps quality insistence has eased to some extent during the war period. If, however, Canada is to obtain its share of the British market after the war, it will be necessary to adhere closely to the strict requirements of the British consumer. While other provinces in Canada have done their share in filling the nation's quota of bacon for Britain, the situation may change somewhat after the war, in times more normal. The immediate need for wheat and other cereals to feed liberated countries overseas may direct the attention of western grain growers once again to that line of farming and thereby a reduction in hog breeding may follow in that part of the country.

Therefore, because this Province is naturally adapted for swine breeding, along with other live stock, it is imperative that every effort be made to increase the number of hogs of Grade "A" quality within Ontario. The responsibility of this Province in holding Britain's market will become all the more serious, and this should be done if at all possible and within the power of achievement.

The present bacon hog policy has been effective in improvement work where it has been available in outlying districts designated by the Ontario Department of Agriculture.

The Commission therefore recommends:

(1) THAT THE BACON HOG POLICY OF THE ONTARIO GOVERNMENT BE EXTENDED TO COVER THE WHOLE PROVINCE, WHERE CLUBS ARE FORMED AND WHERE THESE COMPLY WITH THE REGULATIONS. THAT THE REGULATIONS BE AMENDED SO THAT FARMERS WILL FIND IT HARDER TO USE A SCRUB BOAR AND EASIER TO MAKE USE OF THE CLUB BOAR. THIS CAN BE ACCOMPLISHED BY SLIGHT CHANGES IN THE REGULATIONS.

(2) THAT THE DEPARTMENT OF AGRICULTURE UNDERTAKE A DEFINITE PROGRAMME TO PROMOTE BETTER FEEDING AND MARKETING PRACTICES. THIS IS PERHAPS AS IMPORTANT AS THE USE OF BETTER BOARS, AND THE COMMISSION FEELS IT SHOULD BECOME A DEFINITE PART OF THE WHOLE PROJECT. IMPROPER FEEDING WILL UNDO BETTER BREEDING. LIKEWISE, BECAUSE OF STRICT ADHERENCE TO WEIGHT OF EACH LIVE HOG BEING SO NECESSARY, EVERY ENCOURAGEMENT SHOULD BE GIVEN TO THE FARMER TO SEE THAT HIS HOGS ARE SENT TO MARKET AT PROPER WEIGHTS.

(3) RIDGLINGS AND RUPTURES ARE NOW THE CAUSE OF MUCH LOSS AND ARE CONSIDERED TO BE CAUSED BY BREEDING PRACTICES WHICH DEVELOP A HEREDITARY WEAKNESS. IT IS RECOMMENDED THAT INVESTIGATIONAL WORK BE UNDERTAKEN AT ONCE TO ASCERTAIN CAUSES AND MEANS OF PREVENTION.



### SHEEP.

Sheep husbandry in Ontario has never developed into really large business, although the many small flocks assume a total of considerable importance. A small flock on every farm is conceded to be an asset, because sheep are easily kept and are splendid scavengers, being fond of many weeds commonly found on Ontario farms. They do not seem to fit into farm management where dairying is the principal feature and in other instances fences, dogs and wild animals are the reasons for sheep not being kept.

As a matter of fact, there are large areas where sheep do well on natural pastures where other live stock do not fit in so well. In such districts, where farms are somewhat rough and broken, but where hay meadows and plenty of water are available, sheep are actually of greater value than any other type of animal. More than likely, however, these are the districts in which dogs, wolves and other wild animals make sheep raising hazardous. But even in the older and more thickly populated sections of Ontario, the menace of wild animals is apparently on the increase, for recently within 25 miles of the city of Toronto wolves have been seen crossing the countryside in small packs. Every county in the Province has been called upon for payment of a bounty for wolves destroyed within its boundaries. It is becoming more common of late to see deer in older Ontario and quite naturally these are followed by the wolf, and apparently the presence of the deer indicates that wolves are present or will be.

The Commission therefore recommends:

(1) THAT SHEEP HUSBANDRY BE ENCOURAGED ON THE GENERAL AS A PART OF GOOD FARMING OPERATIONS AND THAT EVERY EFFORT BE MADE TO KEEP THE SHEEP BREEDER INFORMED AS TO THE BEST AND MOST UP TO DATE METHODS OF COMBATING PARASITES AND ALL DISEASES WHICH AFFLICT SHEEP FLOCKS.

(2) THAT MORE PROTECTION BE GIVEN THE SHEEP OWNER AGAINST SHEEP - KILLING DOGS, WOLVES AND BEARS WHEREVER THEY ARE ENCOUNTERED. COMPENSATION FOR SHEEP KILLED SHOULD BE INCREASED AND ALSO ALLOWED FOR DAMAGE DONE TO THE REST OF THE FLOCK.

THAT THE BOUNTY ON WOLVES BE INCREASED IN ORDER TO ENCOURAGE THEIR DESTRUCTION. IF SHEEP RAISING IS TO BE FOSTERED IN OLDER ONTARIO IT MAY BE NECESSARY TO ELIMINATE THE DEER AND SEND THEM BACK TO THE GAME PRESERVES OF THE NORTH. IF THE FARMER IS TO BE PROTECTED, A CHOICE MUST BE MADE BETWEEN THE DOMESTIC AND THE WILD ANIMAL, AND NO RETICENCY SHOULD BE PERMITTED THEREBY THE FARMER IS NOT ALLOWED TO FOLLOW HIS OCCUPATION IN PEACE AND WITHOUT FEAR OF DEPREDATIONS BY WILD ANIMALS.

### VETERINARY SERVICE AND RESEARCH.

Many districts in the Province of Ontario are without the services of a veterinarian. This is true in some parts of old Ontario, even in areas where live stock constitute an important part of farming operations. In more outlying districts, where population is somewhat scattered, it is found that a great deal of driving is involved and a veterinarian finds it impossible to do the work at fees within the ability of the farmer to pay. This situation was disclosed at several meetings held during this investigation.

The Commission feels, therefore, that a recommendation should be made to the Ontario Government:-

THAT THE SERVICES OF A GRADUATE VETERINARIAN BE MADE AVAILABLE IN SUCH DISTRICTS WHERE LIVE STOCK HUSBANDRY IS AN IMPORTANT PART OF FARMING OPERATIONS.

It is not easy to specify the definite form which such support should take, because conditions may vary and require a different form of treatment in one place as compared to others. It is felt, however, that co-operation should be given either by live stock farmers themselves or through the municipality where the work is to be performed.



Direct financial assistance might be given the veterinarian to supplement fair charges for services which are paid for by farmers. In some cases, the veterinarian might be employed by the municipality or provincial government for special work, such as inspection, or in some other capacity, where his qualifications would appear to make him suitable for such a position. In this connection, the Commission suggests that study be made of a system now in operation in the Province of Nova Scotia, where the Province gives assistance in co-operation with live stock organizations.

The Commission notes with satisfaction that the Ontario Department of Agriculture has initiated such a programme of assistance to veterinary service in the District of Kenora. The Commission therefore recommends:

THAT THE OPERATION OF THE KENORA DISTRICT PROJECT BE STUDIED CAREFULLY, WITH A VIEW TO EXTENDING A SIMILAR MEASURE OF ASSISTANCE TO OTHER SECTIONS OF THE PROVINCE WHERE SUCH ASSISTANCE IS FOUND NECESSARY AND THE SAME MEASURE OF CO-OPERATION CAN BE SECURED.

#### VETERINARY RESEARCH.

Much consideration has been given by the Commission to the matter of scientific laboratory research in connection with animal diseases. It is felt that a great work may be done for Ontario farmers along this line, and in respect to those diseases more or less native to the Province, it would seem the only way to attack the situation. While it is true that a considerable amount of information is already available, it has been derived mainly from sources outside of this country, and the Commission feels that results of research made under local conditions would be of much more value to the general health of live stock in Ontario.

It would not be wise to attempt the naming of diseases which should come under review, because they are many, and also as conditions change from time to time, so would practice and investigation change to meet varying demands. At the present time, several diseases are causing heavy losses in live stock and investigation should be started at once with the thought in mind of establishing preventative measures, as well as a cure for the disease. Mastitis in dairy cattle, Bang's Disease and Hemorragic Septicemia (shipping fever), scours in calves are causing losses difficult to estimate in the herds of the Province. Information regarding these is coming largely from the United States in the form of reports and bulletins, and even treatments originate there as well. It is felt that our own situation could be taken care of with more effect in laboratories situated in this Province.

The Commission therefore recommends:

THAT A SUITABLE LOCATION FOR THE ESTABLISHMENT OF A DISEASE FARM, WITH ADEQUATE LABORATORY FACILITIES BE SECURED AT ONCE, and

THAT SUCH RESEARCH BE UNDER THE JURISDICTION OF THE ONTARIO VETERINARY COLLEGE AT GUELPH. IN PREPARATION FOR THIS WORK IT WILL BE NECESSARY TO SECURE THE BEST TRAINED MEN AVAILABLE, AND THE COMMISSION FURTHER RECOMMENDS:

THAT EVERY ENCOURAGEMENT BE GIVEN TO YOUNG CANADIANS OF SPECIAL ABILITY TO EDUCATE AND TRAIN THEMSELVES FOR SUCH INVESTIGATIONAL STUDIES.

THAT DISEASES OF ALL TYPES OF FARM ANIMALS AND POULTRY SHOULD BE INCLUDED WITHIN THE RESPONSIBILITY OF RESEARCH.

#### VETERINARY EDUCATION.

Considerable losses are incurred amongst farm animals through delay in treatment, due in some cases to the unavailability of a practitioner, either because there is not one to be had or because he is unable to respond promptly.

Every live stock breeder should have some knowledge of veterinary practice, not that he should be his own veterinarian, but that he should be sufficiently able to diagnose, and thus realize cases in which a veterinary should be consulted.



In this connection, the Commission recommends:

THAT ALL COURSES IN ANIMAL HUSBANDRY AT AGRICULTURAL COLLEGES, SCHOOLS AND SHORT COURSES, SHOULD INCLUDE MORE EXTENSIVE INSTRUCTION IN VETERINARY SCIENCE. THE COMMISSION ALSO FEELS THAT A MUCH MORE CO-OPERATIVE SPIRIT MIGHT BE DEVELOPED IF GRADUATES OF THE ONTARIO VETERINARY COLLEGE WERE ENCOURAGED TO DISCUSS WITH CLIENTS THE CONDITIONS INVOLVED IN THE TREATMENT OF ANIMALS FOR AN AILMENT UNDER CONSIDERATION. POSSIBLY IN THIS WAY GREATER CONFIDENCE MIGHT BE ESTABLISHED AS BETWEEN THE VETERINARY AND THE FARMER, AND THIS SHOULD HELP TO BREAK DOWN THE FEELING THAT SCIENCE IS OVER THE HEAD OF THE AVERAGE MAN. THE SECRETS OF A PROFESSIONAL MAN ARE ENTITLED TO SOME PROTECTION, AND WITHOUT DISCLOSING THESE, THE FARMER MIGHT BE ENCOURAGED TO DEVELOP MORE INTEREST IN SCIENTIFIC ASSISTANCE, IF HE WERE NOT ENTIRELY IN THE DARK AS TO THE "WHY AND WHEREFORE" OF TREATMENT OF HIS ANIMALS.

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COTTAGES FOR FARM HELP.

Adopted January 22, 1945.

The size of the average Ontario farm does not indicate large business in the terms of volume or value of turnover. Neither does it indicate the importance of each farm unit in the social welfare of the State. This value comes out of the farm homes from which many young people go out into other enterprises to become leaders in state affairs and in industry. The influence of these farm grown children is felt throughout the nation, and conditions might be improved in many cases in such a way as to enable parents to rear their families without the varying influence of other individuals within the household being ever present.

In addition, when Ontario farmers are mostly interested in producing live stock the tenure of engagement of hired help assumes considerable importance. Where live stock is of such magnitude on the farm as to require the services of help outside of the family and a man or men are needed all the year round, the Commission feels that a good married man is much to be preferred to a single one. Especially is this true when single men are not of local origin and are more or less transient labourers. Live stock breeding is managed best when good help is stable in employment and not changing constantly.

Whether they be engaged by the year or for the summer, single men in the farm home are sometimes the cause of conditions not compatible with the best home living atmosphere. This is especially true, perhaps, when these men come from unknown families and countries. For obvious reasons, therefore, the Commission feels that farmers should be encouraged to provide accommodation for married men, and therefore recommends:

THAT THE ONTARIO GOVERNMENT, THROUGH THE DEPARTMENT OF AGRICULTURE, GIVE ASSISTANCE TO FARMERS FOR THE ERECTION OF COMFORTABLE DWELLINGS FOR THE USE OF MARRIED MEN, AND THAT FARMERS BE ENCOURAGED TO EQUIP THESE DWELLINGS WITH HYDRO POWER, WHERE THIS IS AVAILABLE.



RECOMMENDATION FROM THE DAIRY COMMITTEE.

Adopted January 22, 1945.

RE AUTHORITY FOR MILK CHECK TESTERS.

The Commission, having heard representations from representatives of the whole milk producers, with reference to the desirability of having check-testers employed by the organizations of these producers having the legal right to make check tests of the work of the government inspectors of milk processing and distributing plants, has come to the conclusion that there are valid reasons for this legal right being given. Such check-testers are now able to operate in the Toronto milk market by voluntary agreement with the milk distributors, and this system is found to be working very satisfactorily.

The Commission therefore recommends:

THAT PROVISIONS BE INCORPORATED IN THE MILK CONTROL ACT OF ONTARIO TO PERMIT ENTRY TO THE PREMISES OF MILK DISTRIBUTORS AND OTHER MILK PROCESSORS OF QUALIFIED CHECK-TESTERS AND AUDITORS EMPLOYED BY THE ONTARIO WHOLE MILK LEAGUE AND THE ONTARIO CONCENTRATED MILK PRODUCERS ASSOCIATION ON BEHALF OF THEIR RESPECTIVE PRODUCER MEMBERS, TO PERFORM GENERALLY THOSE SERVICES NOW BEING RENDERED BY THE CHECK-TESTERS EMPLOYED BY THE MILK PRODUCERS ORGANIZATION IN THE TORONTO MILK MARKET.



# REPORT ON FLOOR PRICES FOR FARM PRODUCTS

ADOPTED MAY 16, 1944.

The Agricultural Commission of Inquiry, realizing the great amount of public interest created by recent announcements of policy of support prices for farm products, proposed by the Government of Canada, feels that some presentation should be made to Ontario farmers, the heads of their organizations and all interests concerned with agriculture of the factors and conditions that are involved in giving effect to such a policy. In making this presentation the Commission propose only to set out the more important economic situations requiring consideration before adopting floor prices and to point out and analyse the suitability of the more commonly discussed alternative bases for floor price action plans. It is hoped that this memorandum will supply and provoke some useful and stimulating public thought and discussion on this vital subject and thereby aid in determination of the soundest possible policy.

The following views are commonly held by most groups in our national society:

1. That agriculture is entitled to the active support of all interests within the nation to protect it from being the chief absorber of the impact of economic crisis and crash (the unavoidable position of the agents of primary production.)

2. That farmers, having been denied, through price ceiling necessity, many of the economic gains that would normally have compensated them for their depression losses, and having borne a magnificent share of the burden of increased war production in the face of reduced labour and machinery, to the probable detriment of their market position after the war, are entitled to special nation consideration in the postwar period, particularly as their excess production, unlike that of other war production, was called out at relatively no great cost to the public.

3. That the maintenance of farm purchasing power, by stable price is at all times the most potent factor in contributing to the prosperity of all elements in the national community.

The production costs of the farmer, using natural resources and being self-employed, are largely overhead and cannot be stopped when surplus position is reached by laying off workers and reducing output. These are the usual measures employed in industrial activity to bring volume of production into line with effective demand. But this procedure throws the burden of reduced urban employment and purchasing power back on to the community at large, to the still further detriment of the farmer. The state, by accepting unquestioned responsibility to give public support at all times to measures designed to cushion the shocks of economic crisis in industrial employment, has equal responsibility toward the farm employed population.

While it may be fairly argued that the national war price-ceiling policy had similar effects on all kinds of productive activity in that it denied equally to all producers certain customary economic gains from war stimulated demands, there are fundamental differences of position between the farmer on the one hand as a food producer encouraged to produce more of the things he has always produced for a market with currently the largest possible consuming power, but normally more likely to decline than to increase after the war and, on the other hand, the industrial producer, who was either asked to curtail production, or to shift to the production of other war goods, at a price fairly related to the current sacrifice and risk, but in either case, creating a tremendous shortage of all kinds of civilian goods, at a price fairly related to the current sacrifice and risk, but in either case, creating a tremendous shortage of all kinds of civilian goods thus insuring for most industry a bare market and all its immediate benefits.

Furthermore, no great amount of public funds was necessary to bring out all the required extra farm production as compared with the public expenditures needed to call out industrial war products. The reason for this lies in the fact that agriculture is a going concern always ready for expansion by simply requiring the engaged, but shifting, personnel to make greater applications of human effort. At this point it is important to note that some considerable part of the total state contribution to agriculture was in the form of consumer subsidies. This form of increasing market demand will have detrimental effects on the farmer's postwar position unless modified with great care after the war. When the state for the public good steps in to encourage investment for added production of an article it has some responsibility to protect the investor or enterpriser against the repercussions that may arise from hasty withdrawal of that support



until the added investment has a chance for orderly liquidation.

The commonly, almost universally held belief in this country, that the prosperity of everyone is dependent on the prosperity of the farmer, has a very substantial economic foundation even though based on somewhat superficial conclusions. Because of the abundance of our national resources particularly farm land the opportunity is presented to a relatively small population to employ themselves not only at providing generously their own means of existence but at providing part of the livelihood of other peoples at a lower cost than those people might otherwise enjoy. For this benefit there returns to this country in exchange goods and services thereby made available that give us at lower cost all the material things of life wherever produced. Agriculture is the main source of this stream of goods. Agriculture can keep on doing this service indefinitely if efficiently practised because it does not reduce its recurrent seasonal capacity to produce. But it cannot be efficiently practised to this end if on the farmer's shoulders are loaded such undue share of the costs or risks of the national economy as will force him to exploit his permanent soil wealth and turn part of it into cash each year and thereby eventually dry up for himself and for the nation this well spring and source of national economic life. Out of the rich superabundance of the original virgin soil of this country we have sold away some of the surplus store forever and as a result of that exploitation we got the means to build a great country. But we have to put a halt to that process and whatever cost it may entail the whole national community as beneficiaries of the past must turn in and make it possible for this and succeeding generations of farmers to keep this stream flowing permanently.

One of the devices currently advanced as being useful in giving effect to the socially desirable improvements in the farmers economic position indicated above is floor prices. As a preliminary to a discussion of the various types, methods of application and degrees of suitability of floor prices in given farm product conditions there are some general situations typical of agriculture that merit some careful consideration:

A - Farming in Canada is a business with an established plant and a surplus trained personnel sitting ready not only for greatly increased over-all farm production but for rapid shifts of production from one class of product to another without much delay for the acquiring of new specialized capital goods and equipment or the assembling and training of labour personnel. This is a situation that demands careful consideration of the effect of the floor price of any one product on the volume produced of other products. A relatively small shift on each of a large number of farms can produce very disturbing changes in total market supply.

Floor prices badly balanced among a number of farm products can cause a rapid development of economic dislocation, not only as between product and product, but, more serious, economically and politically, among groups of farmers and between various farming sections of the country. Extreme care and discretion must therefore be exercised in their application or sectional discords will bring about early defeat of even good floor price plans.

B - Farming as practised in this country with some minor exceptions of highly specialized lines, (such as chick hatcheries) is a business of going enterprises. A variety of kinds of income to the operators is produced. Some of these incomes are not received or expressed immediately in terms of dollars. Housing for the family, some food at the lowest possible cost level, security of employment, and to a reasonable degree of old age are costs of living to which a large share of the money incomes of non-farming people are devoted, while in agriculture these items of living expense are acquired without adding greatly to the annual costs of the business enterprise. This is an important matter in considering any objectives of floor price policy designed to make the returns from agriculture fairly comparable with those from other business activity.

This peculiar agriculture structure of joint enterprises creates limitations on the application of cost and income figures to the building up of floor price plans. A farmer producing two or more products for market will produce more or less of each one of them, not on the basis of what each product costs figures separately, but on the basis of the total annual return from all products. All the products together will make up his year's income. As the result we often find a large part of the total production of any one farm product was produced at a loss if all the specific elements of cost.



were calculated as though this production were a self-sustaining enterprise. Yet in spite of this calculated loss the result of the production was to give the producers a larger yearly income than if they hadn't produced the article at all. What happens is what the farmers can make better use of their land, equipment and labour by a variety of production, turn by producing only those products that taken by themselves appear to be the most profitable.

It is quite obvious, therefore, that a specific floor price on any one product will have widely differing responses among the widely differing circumstances of all the producers thereof. What may be a satisfactory floor for a considerable section of producers may be unacceptable to any other group of producers of the same product. It is also possible, even probable, that a certain level of floor price on one given produce produced in conjunction with a wide variety of other products, when all producers in all areas are taken into consideration, will have very pronounced, sometimes detrimental, effects on the market relationships of all such inter-related products.

C - The fact that Canadian agriculture produced (1) large volume continuous export products, notably wheat, other grains, pork and cheese; (2) products capable of increasing to important export volume or periodically have reached that level (cattle, beef, dairy products, fruits, ) and (3) products which do not customarily fill domestic requirement, poses some very baffling problems to the designers of floor price policy. As a matter of fact, no general floor price policy can be designed or applied until decisions have been reached on some of the major considerations which follow:

(a) The level which the food demands for immediate postwar rehabilitation abroad will develop and the extent to which Canada nationally will support this operation.

(b) The level at which potential normal competitive markets will support prices here at home.

(c) The degree of co-operation among competitive exporting nations in supporting and sharing export markets.

Broadly speaking, the market position of the principal continuous export farm commodities determines the economic conditions of most of our Canadian agriculture. This is but an extension of the theory that in a competitive market, the price of the export portion of any one product determines the price of all the products. As was pointed out above, our Canadian agriculture is capable of considerable speedy shift from one line of production to another. Subject to the limitations of the time lags between producers' decisions to shift and the actual appearance of the product, this theory actually works somewhat effectively, even if obscurely. This poses the interesting speculation that floor prices under our export commodities might in the long run give such substantial support to the whole agricultural price structure as to obviate the necessity of floors to the other products. However, this may be, it is obvious that support prices to the domestically-consumed farm products cannot be effective unless the returns for the export products are at levels that would prevent shifting production into a supported domestic product field. Price floor policy must be based, therefore, on the realities of the export outlets.

At the moment and continuing until the war's end, we have a market provided by international state action for all the export products to which our farm production is currently directed. Immediately after the defeat of Germany there will also be dire needs in subjugated countries for foodstuffs, which demand can only be effectively filled by continuance of state financing by the Allied Nations to some degree at least at the outset by gift and probably later by loan. How much of that demand, and from what products, is Canadian agriculture destined to fill? These are matters of state policy preeminent to the establishment of price floors and to the determination of the extent to which they shall be used, as between various products, to direct production into those channels which are more adaptable and suitable for impending peacetime demands and competitive realities.

As these peacetime realities emerge, to what degree international concerted action will provide reasonable and fair access for all supplying nations into the potential demand markets on the basis of price, quality and service and ready flow of goods and to what extent Canada is prepared to share in such movement, will determine in a large measure the mechanism of price floors, the kinds of products to which they are applied and most likely, whether we can



make them work in a democracy.

The establishment of floor prices as a permanent policy for Canadian agriculture involves the likelihood of the state being required to assume substantial money risks and losses from time to time. These risks and losses can be minimized by ensuring that other mechanisms of fiscal policy are set up so as not to reduce food purchasing power either at home or abroad to any greater degree than national economic safety requires. The time has come to subject the tariff and trade restrictive policies of our own and other competitively related countries to a most searching scrutiny. Particularly this scrutiny must be directed to determine the extent to which all such measures have reduced purchasing power - alike among our own citizens and among foreign citizens who are our potential customers for farm products and among foreign citizens who may be the customers of countries to which we may ship farm products - for purchasing power is the very foundation of effective demand. If we as a country are to dispose profitably of our surplus farm products in volume sufficient to sustain a high rate of production, so that state price maintenance policy will not break down of its own financial burden, then we simply cannot continue policies which reduce the ability of consumers to buy. If we have been doing so in the past, we must reverse the trend as speedily as considerations of national safety will permit. Especially should we be prepared to join in all trade freeing policies that other nations in their own similar interests are willing to support.

D - It is well to examine floor prices for their effect on the natural balancing of supply and demand. When a floor price is about to come into actual operation to support a commodity it means that the demand of the competitive market no longer sustains the desired price and there has been put into operation these market forces that:

(1) bring about a reduction in the volume produced, or (2) increase the market demand by lowering the price, or both. The interposition of an arbitrary support or floor price, at any point above the bottom it would normally reach naturally arrests the volume reducing corrective. Therefore, surplus, the primary cause of the evil, is added to instead of being allowed to reach a level where the market will absorb all that is produced. But the interposing of the floor price cannot make the consumers pay any more. This is more particularly so in respect to foreign consumers. Some influences may be brought to bear on domestic consumers to pay the desired price, but such action also in the long run adds further to the surplus by lowering consumption below what it would otherwise have been. Plans designed to hold up artificially the price of that part of the product sold at home and at the same time dump enough on a foreign market, at whatever price it will bring, sets up conflicts with producers in that market and with other countries supplying that market. Protective and reprisal measures are taken by these countries. These restrict still further the outlets for the surplus and other commodities abroad and thereby reduce purchasing power at home.

These situations must be known and understood better than they are at present or great dissatisfaction will be caused among farmers when it appears that these seemingly practical measures for supporting prices are not adopted. Decidedly interesting speculations are raised to prevent the inevitable growth of surpluses under any system of floor prices that supports the markets at a level higher than that of competitive markets. In this field answers must be found to the following questions:

1. Can production control be devised and so applied that it will give the essential economic stimulation toward having the largest possible production on the lowest cost farms? To state it in another way, can such systems be applied without putting an umbrella over the high cost producer?

2. Can production control be made effective in a democracy such as ours without the practice of such coercive measures as would eventually lead to general non-compliance?

These are patently formidable questions. Unless they can be answered at least in part in the affirmative, production control is self-defeating and its practice will leave matters worse than if never attempted. Useful answers may be expedited by examining the following possibilities:

1. The extent to which intelligent understanding by farmers of any given situation may be promoted by organization and education ✓



to the point where self-interest will establish substantial compliance. Here the experience of some of the marketing organizations in Ontario may provide some useful help.

2. The extent to which state bonuses and subsidies in amounts that would be politically acceptable may be used in given situations to direct production away from surplus goods into less critical activities or into more soil conserving types of production that would in the long run be nationally beneficial and eventually self-liquidating. In other words, to direct production away from surplus position for immediate consumption into future production and provide an income to the farmer in the meantime.

3. The extent to which it is possible to introduce into any system of planned production sufficient flexibility that a progressively larger share of the market in any given situation will go to those producers who by virtue of greater efficiency or superior opportunity demonstrate that their additional supplies are more economic than a similar quantity from higher cost producers currently operating.

Another matter of major importance for consideration is the extent to which central government control is necessary in operating the machinery of floor price maintenance in respect to the different classes of commodities and the extent to which marketing organizations of producers or of producers and handlers may most effectively administer such policy. To a large extent decision on these matters must be arrived at through the normal operation of our legislative parliamentary processes and they should, therefore, be subjected to the fullest possible public scrutiny and debate before final determination.

Practical solution of the problems here posed is a mighty challenge to the intelligence, tolerance and far-sightedness of not only farmers and their organizations but also equally of our whole political and business community.

#### ECONOMIC OBJECTIVE OF FLOOR PRICES:

The purpose of floor prices is commonly thought of and expressed in such terms of general social significance as "to give the farmer a reasonable standard of living" or "a fair share of the consumer's dollar" or "a comparable return for his labour and investment with that of urban people rendering the same service" or "some assurance of price before he plants."

To establish any sort of a workable base for the actual building of floor price plans, much more specific definitions of their purpose must be devised. The social objectives stated above can with some limitations be all incorporated into one or another of the following definite economic ends:

- (a) To give the farmer cost of production, plus a profit.
- (b) To assure the farmer a financial return comparable with that of producers or workmen on the same general income level.
- (c) To maintain the farmer's income at a level where it will buy as much as it did in some past period when farming was considered profitable.
- (d) To call out the required volume of production of each of the several farm products.
- (e) To keep farm prices from declining to ruinous levels.

Some analysis of the character or suitability of each of these objectives as a basis for floor price policy may have some value in clarifying thought and action on the problem.

#### 1. COST OF PRODUCTION:

All data that has ever been collected on costs of production of farm products indicates an amazing range of cost from farm to farm in respect to all products. The possibility that calculated unit costs of production - per pound, per bushel, etc. - are not the accurate guides to determination of net farm income under farm conditions that they are in other business activity needs careful consideration. At all reasonable levels of price for any product, a large number of producers continue to produce that product abundantly with a reasonably satisfactory annual farm income despite the apparent fact that the cost of the product figured separately from other farm activities is consistently above the selling price. This condition arises out of the joint product organization under which most products are produced, a situation pointed out earlier in this report. Great care and discrimination in their application are necessary precedent to any exact application of the cost of production base for floor prices. It is entirely possible that adoption of a floor price which would ensure a large majority of the producers a profit over



separately calculated costs would raise total farm incomes to such an attractive level that the total increase of production arising from shifts from other lines of farming would create surpluses that could not be coped with financially.

Another point that merits careful consideration is that cost of production figures always relate to past production. To be useful they must be carefully collected and analysed, taking much time. By the time they can be applied as a guide or objective in future production, many conditions have changed, which still further tend to reduce their usefulness. Unfortunately, also, there are too few cost figures available now because of the enormous expense and time required to assemble them to analyse them and particularly to ensure that they actually reflect the widely varying conditions of yield, combination with other products and sharing of farm overhead, that are so typical of agriculture.

Nevertheless, that phase of production costs which deals with the direct cash costs of any line of production will be such an important element in the seasonal determination of floor prices under any plan devised that no possible effort should be spared in acquiring and assembling adequate farm figures. Still further, only the accumulation of such data will provide the material essential to working out understandable and useful relationships between costs of particular farm products and farm incomes.

## 2. FARM REWARDS COMPARABLE WITH NON-FARMING REWARDS:

This widely discussed basis for establishing floor prices does not fundamentally mean that the farmer should be assured at all times of a profitable return, but rather that at any level of economic conditions which for the moment obtains, he is getting his fair share of the income from all national effort. There appears to be a belief, a feeling or instinct, that he is not, and that floor prices would be a useful device to accomplish that objective.

To further the adoption of this objective of floor prices policy the prime requisite is exact statistical knowledge of actual total and net incomes in all branches of farming and similar data on the incomes of all other productive elements of the nation. When all this is assembled there must inevitably be a weighing-up of, and national agreement upon the relative values of the services of each producing group in the whole national economy. These big jobs have not yet been done except in a most superficial fashion. This would not supply a groundwork even for good guess work. Guess work would not be very acceptable in a matter of this importance.

There appears, therefore, to be definite limits to adopting this base for floor price action plans that may be required for immediate operation when the period of the postwar readjustment begins.

## 3. PRICE FLOORS TO MAINTAIN FARMERS' PURCHASING POWER AT THE LEVEL OF SOME SATISFACTORY PERIOD OF THE PAST:

This is the "Parity" idea. As a base for action plans it has the advantage that available statistical information on past prices of both what the farmer buys and what he sells can, with some mathematical exactness, be applied to determining future price floor levels. Moreover, price floors with a "parity objective" can be made understandable by all concerned and capable of considerable flexibility in their application. Among the limitations on the suitability of parity prices for general application to all farm products are:

(a) They do not adapt themselves to changes either in the kind of things purchases as compared with purchases in the base period nor do they adapt readily to similar changes in production methods and cost.

(b) Unless applied to all the products of a farm, or unless the product involved is practically the only revenue enterprise on a farm, they do not insure the purchasing power of the whole farm income.

Nevertheless, the parity price idea merits very careful consideration because of the practicability of some of its features. The United States has had some valuable experiences with "parity" which should be carefully examined.

## 4. FLOOR PRICES DESIGNED TO CALL OUT REQUIRED AMOUNTS OF PRODUCT:

This suggested basis of floor prices probably departs from the objectives outlined in the previously mentioned plans, in the sense that no absolute or relative financial return is proposed for insurance to the farmer. Nevertheless, some consideration must be given to the possibility that lies in the fact that in the operation of wartime controls there has been much useful experience with the device. If some of the supplementary control measures are carried on some distance into the postwar period, it is possible that floor



prices based on this idea may be a valuable and flexible aid in directing production activity during the recovery period into more economic permanent lines of production.

5. FLOOR PRICES TO PREVENT COLLAPSE:

This philosophy of floor prices will not be readily acceptable by the farming and related community. Nevertheless, it needs examination to see what are its capabilities. In the widest sense it has some elements of a state contribution to agricultural welfare. If workable and if applied only to agriculture then the natural producer is relieved of one of his fundamental handicaps - that of being the most important sufferer from general economic depression. In addition, it does give the individual farmer even in periods of low prices a considerable measure of confidence to know his price in advance of starting production and that no worse can happen.

CONCLUSION:

It was pointed out at the beginning that this report did not propose to make specific recommendations or advance any plans for the adoption and operation of floor prices. As was proposed only some of the important situations that require scrutiny and study as a prerequisite to action plans are set out with the hope that thought would be clarified and more intelligent action taken as a result of such general debate and public discussion as may be aroused by the ideas herein presented.

There is a reasonable hope that needs for postwar supply of necessities to destitute peoples in Europe, plus quite possible high consuming power at home for a period after hostilities cease will allow of some time and opportunity to more fully weigh up and canvass the directions in which later more permanent demand factors will emerge. It may be, therefore, expedient to assess carefully now the merits of not laying down immediately a rigid and elaborate set of exact objectives or administrative regulations for price floor policy. It further might be desirable for farmers not to expect such precision at this moment. Rather should the several groups of farm producers seize every opportunity to study the peculiar inter-relations of their respective products with other potential competitive products against the time when price floor action may be initiated.

More specifically, immediate thought should be directed actively to considering the position of the surplus products whose volume has been built up to meet extraordinary war requirements such as pork products, and the position of our greatest normal export product, wheat. If a reasonable adjustment of these to later peace time requirements can be arrived at, and this assumes a large measure of continuing federal government participation, there would be ground for hoping that fairly acceptable price relationships for the wide variety of domestically consumed products could be arrived at through consultative measures among the producers and traders therein with some government assistance largely of the nature of encouragement in the use of and intensification of purpose of the various federal and provincial pieces of marketing legislation both regulatory and financial.

ARCHIBALD LEITCH,

Chairman.

M. MCINTYRE HOOD,

Secretary.



REPORT ON NORTHERN ONTARIO

Adopted January 16, 1945.

That portion of Ontario lying North and West of the French River is of enormous extent. Much of it is unsuitable for agriculture, but it contains some very important farming districts. Some are fairly well developed and well settled; others in the pioneer stage of land clearing, which was the condition of old Ontario about a century ago. In addition, there are large uncleared areas in the Northern Clay Belt, where the soil is capable of productive plant growth.

The problems which arise out of the stage of pioneer land clearing in which these areas find themselves need special measures that are not applicable to the older parts of the Province for their solution. The principal features that create the need for special attention may be indicated as follows:

(1) In many cases the motive that led original settlers to acquire holdings was the prospect of income from the timber and pulpwood standing thereon, or on the crown lands adjacent, rather than any real intention to clear the acreage into self-sustaining farm units. This left a patchwork of partial clearings from which was removed the possibility of revenue for further land operations by succeeding settlers. This slowed up the development of density of farm population which is so necessary in these days for an adequate provision of roads, drainage systems and schools, and particularly for a volume of production large enough to create marketing facilities to care for the present or potential farm production, and to fit into modern marketing conditions.

(2) Some important sections were settled as the result of well-intentioned public and semi-public schemes of colonization, which unfortunately overlooked some vital pre-requisites for successful agricultural pioneering, such as:

- (a) Personal fitness and determination of the settler to stick with the job of making a farm, no matter what sacrifices were required, or what opportunity or temptation to move out arose.
- (b) That enough land should be cleared on each farm to start the settler out with a large enough producing unit so that the farm was his chief interest and so that supplemental employment was only secondary and not the chief resource from which the clearings would be slowly increased.

(3) The situations outlined in the two foregoing sections have imposed quite obvious burdens on those who have created their farms and made their homes, and those in the process of struggling earnestly to that end. The resulting lack of density of farms and farm population, and the presence of too many small and unoccupied clearings, make serious social and economic problems for those remaining. They are denied the benefits of local municipal organizations and self-taxing capacity to provide roads, schools, drainage outlets, weed control and community welfare, health and recreational facilities. For these there is almost complete dependence on central government in Toronto, a discouraging outlook for the eventual building of a self-reliant agriculture, and a likely prospect for the continued exercise of a superficially benevolent, but politically motivated, paternalism.

Furthermore, in the economic field the lack of density of farms is the chief reason for the lack of marketing facilities and outlets found in many areas, especially the newer ones. There are, in Northern Ontario, large consuming urban areas, such as mining, lumber, industrial and shipping towns. Except for milk and some vegetable production, these centres might just as well be outside the area completely when it is considered that under modern methods of transportation and merchandising to supply the daily food needs of urban centres, the opportunity to supply these needs is denied to the nearby producers, unless they have the essential storage, processing, grading and packing facilities to supply these consumers' needs that are employed by far away producers in this service. This position of affairs was entirely different in old Ontario when the land settlement was in the same stage. Then the adjacent consumers' food needs were largely limited to the kinds and amounts of local production and the supply thereof was adjusted to the seasonal rhythm of the farm harvest. Nowadays the producing areas of all the world are open and available to the urban consumers even of



our remote Northern towns, such has been the development of transportation, processing and preservation of food in the meantime. It is obvious, therefore, that the North Country cannot be expected to progress marketwise, even in its own natural markets, in the same way as old Ontario did in a similar time. Nowadays Northern Ontario must have both the facilities for marketing at home such products as she can supply therein, and also equally effective facilities and opportunity for outlets for the production for which there is no home market.

The first requirement for the improvement of marketing is the production of sufficient volume to support economically the facilities and services required. That necessary volume is now restricted by the lack of density of farms and farm clearing. The causes of this have been outlined briefly above. Correction and improvement must necessarily spring from the source of responsibility therefor. It is more or less idle to attach blame to any person or any policy which was unable to foresee that the settlement practices and policies which served well three or four generations ago in old Ontario were no longer fitting in this modern world.

There is considerable evidence that some of the agricultural and social difficulties of the North Country arise out of the lack of co-ordination and mutual purpose in the important branches of Government - Lands and Forests, Agriculture and Highways, whose activities so vitally concern the economic and social life of the whole area. Lack of an underlying foundation of municipal government to give effect uniformly to the application of the regulation and financial contributions make it especially obligatory that there should be greater co-ordination and working to a common policy at Central Government.

The first recommendation which the Commission wishes to make is a general one, but important in that it is fundamental to all conceivable future policies in respect to agriculture in the North:

THAT IN SUCH AREAS IN THE NORTH WHERE THE QUALITY OF THE LAND AND OTHER CONDITIONS ASSOCIATED WITH A SOUND AGRICULTURAL PROGRAMME EXIST, AND WHERE IN THE PUBLIC INTEREST THE ESTABLISHMENT OF A PERMANENT AGRICULTURE IS DESIRABLE, AN ADEQUATE SHARE OF THE PUBLIC REVENUES DERIVED FROM THE LIQUIDATION OF THE TIMBER AND MINERAL RESOURCES BE RE-INVESTED TO PROVIDE NEW SETTLERS WITH FARM CLEARINGS AND EQUIPMENT ADEQUATE PRIMARILY TO SUPPORT A FAMILY; THAT SUCH NEW CLEARING BE FIRST EFFECTED IN AREAS ALREADY PARTLY SETTLED AND EXTENSIONS THEREFROM; THAT NO NEW AREAS BE OPENED UP FOR SETTLEMENT UNTIL THE PRESENT OPENED AREAS ARE SETTLED AS FAR AS THE SUITABILITY OF THE LAND PERMITS, AND THEN ONLY AFTER A COMPREHENSIVE EXAMINATION OF THE LAND TO DETERMINE ITS USE AND CAPABILITY IS COMPLETED BY THE ONTARIO DEPARTMENT OF AGRICULTURE, THAT NO NEW AREA BE OPENED FOR SETTLEMENT WITHOUT AN ACCOMPANYING PROVISION OF MARKETING FACILITIES.

Coupled with this recommendation and as an essential preliminary to its operation, the Commission proposes:

(1) That as soon as equipment conditions will permit, the Department of Agriculture should provide and maintain, at a nominal cost (wages and fuel), large scale land clearing machinery to accelerate the land clearing operations on farms now occupied but only partly cleared. By this means volume of production will be increased in the most immediately effective manner.

(2) That in already partly cleared areas where soil and other conditions preclude fitting successful farming, every appropriate step to establish present settlers elsewhere be taken rather than instituting the above method of assistance.

(3) That the present allotment of 80 acres of land to new settlers be raised to 160 acres, because in the end 80 acres will be found too small an economic unit for successful operation of a mixed farm in Northern Ontario.

It is further recommended:

THAT IN THE CASE OF ALL SUCH CLEARINGS FOR NEW SETTLERS THE TITLE OR PATENT BE NOT FINALLY ISSUED TO THE NEW OWNER UNTIL HE HAS COMPLETED AN APPROPRIATE NUMBER OF YEARS OCCUPANCY, THUS GIVING SOME EVIDENCE THAT HE IS GOING TO BE A SATISFACTORY PERMANENT FARMER SETTLER, AND THAT HIS LAND, BY BEING ABANDONED, WILL NOT



## INCREASE THE BURDENS OF THE COMMUNITY.

It is still further recommended that the Government proceed actively with and settlers consider seriously the benefits eventually to be derived from the proposals of the Department of Municipal Affairs to form local improvement districts in unorganized townships -(The Municipal Act, Section 44A.) These districts are not limited to surveyed townships, but embrace adjoining settled areas irrespective of township limits. Although these proposed improvement districts do not give full democratic choice of governing councils, they do take the first step of providing some workable machinery for giving the resident individuals an opportunity to decide their requirements collectively, and to take some part collectively in the administration of their schools, roads, drains and other local public services, and to impose and collect effectively such taxes as the community can properly bear. Thus they share in the responsibilities of their own taxation and its uses and take collective part in decisions for use and administration of the provincial contribution for the same uses. By this plan there can be introduced more system, as well as greater local participation of the people concerned. It is recommended that the Government seize every opportunity to give progressively more power of election to the governing councils in the separate areas as they increase their own tax contributions to the annual budget of expenditures.

It is still further recommended that the Government give some special consideration to:

- (1) THE CONTROVERSY AS TO THE EXTENT OF AND RESPONSIBILITY FOR THE DAMAGE TO FARMERS' CROPS IN AREAS SOME DISTANCE FROM THE SMELTERS IN THE SUDBURY AREA. IT WOULD APPEAR THAT SOME FURTHER SCIENTIFIC RESEARCH AS TO CAUSES MIGHT SETTLE THIS PROBLEM PERMANENTLY.
- (2) PRESSING DRAINAGE PROBLEMS IN CERTAIN AREAS ARISING OUT OF THE BUILDING OF NEW HIGHWAYS AND THE LACK OF MUNICIPAL ORGANIZATION FOR THE USE OF THE STANDARD DRAINAGE LEGISLATION.
- (3) SOME SPECIAL MEASURES FOR THE PROVISION OF VETERINARY SERVICES. (See Report on Veterinary Services)

It is furthermore recommended:

THAT THE GOVERNMENT ENLARGE THE ACTIVITIES IT HAS INITIATED SINCE THIS COMMISSION FIRST INFORMALLY REPORTED THEREON, TO PROVIDE SPECIAL MARKETING FACILITIES FOR LIVE STOCK, POTATOES AND VEGETABLES; THAT IN SO DOING IT BE GUIDED BY THE FACT THAT PROVISION FOR STATE AID TO SUPPLY NON-EXISTENT FACILITIES MUST TAKE ON MORE THE USE OF GRANTS RATHER THAN THE FORM OF LOANS WHICH ARE QUITE APPROPRIATE WHEN THE OBJECTIVE IS THE IMPROVEMENT OF EXISTING FACILITIES.

It is furthermore advisable that in the necessary efforts to ensure that any grant shall be devoted to its proper purpose and in the most efficient manner, that the government should restrict its supervision to guiding the general policy of the local grantees and take little or no part in the actual decisions of buying and selling. Otherwise the Government will bear the whole blame for failure of the farmers to secure satisfactory income. Consequently the divisions set up among the producers will only delay the accomplishment of collective marketing action by all producers, without which the facilities supplied would be of little use.

The Commission expresses satisfaction that the Ontario Hydro-Electric Power Commission has recently taken steps to extend the benefits of electric service to Northern Ontario farmers and strongly recommends that the extension thereof will be prosecuted vigorously.

The Commission found farmers in Northern Ontario keenly interested in the development of the school system to the end that equal educational opportunity would be made available to all. The principles and recommendations embodied in the Commission's report on education apply to Northern Ontario.

It was emphasized, however, that many more children in Northern Ontario are being deprived of secondary school education because of the inaccessibility of schools.



It is therefore recommended:

THAT THE DEPARTMENT OF EDUCATION GIVE IMMEDIATE CONSIDERATION TO THE DEVELOPMENT OF ONE OR TWO COMPOSITE HIGH SCHOOLS CENTRALLY LOCATED AND INCORPORATING BOARDING SCHOOL FEATURES, THE COST OF THE LATTER TO BE LARGELY A STATE OBLIGATION, SO THAT THE SCHOOLS WOULD BE AVAILABLE TO ALL IRRESPECTIVE OF THE FINANCIAL STATUS OF THE PARENTS OF THE CHILDREN.

The Commission recommends:

THAT BECAUSE THE SIZE OF THE AREAS NOW SERVED BY EACH REPRESENTATIVE IS SO LARGE THAT IT IS IMPOSSIBLE TO HAVE HIS HELP MADE AVAILABLE TO ALL FARMING SECTIONS THEREIN, THE NUMBER OF AGRICULTURAL REPRESENTATIVES IN NORTHERN ONTARIO BE INCREASED.

It is further recommended:

THAT A SPECIAL DEPUTY MINISTER OF AGRICULTURE, RESIDENT IN NORTHERN ONTARIO, SHOULD BE APPOINTED, IN ORDER TO FACILITATE CONTACT BETWEEN FARMERS AND THE DEPARTMENT, NOW DIFFICULT BECAUSE OF THE GREAT DISTANCE FROM TORONTO. THE COMMISSION EMPHASIZES THE NEED FOR GREATER CO-ORDINATION BETWEEN THE VARIOUS DEPARTMENTS RESPONSIBLE FOR GOVERNMENTAL ACTIVITIES IN NORTHERN ONTARIO.



### CONCLUSION.

The Commission hopes that it will be sympathetically understood that its inability to include in this report a complete section on its major remaining field of Inquiry, Agricultural Marketing, was compelled largely by two circumstances beyond its control. In these present days the obscurity which war-time controls of marketing and prices throw upon the portrait of the future marketing conditions modifies the usefulness of all past marketing experiences to direct events in the economic world that is to come. The current acute farm labour stringency has greatly accentuated the difficulties of full attendance at Commission sessions devoted to this particular subject which requires contributions from the experiences of all members. All members are active practising farmers. In addition, by the very circumstances of their appointment they have active duties to discharge in the farm organizations which appointed them to the Commission.

The Commission feels that the delays thus created will be best compensated by a little more time for thorough consideration rather than by the presentation of hasty proposals.

All of which is respectfully submitted.

A. Leitch,  
Chairman.

H.M. Hood,  
Secretary.



## REPORT ON RURAL CREDIT

ADOPTED JANUARY 17, 1945.

### PART 1.

The Commission approached this subject with the view that a much greater understanding of the real economic purpose and benefits of credit in agriculture by all elements of society, than now obtains, would be a useful contribution.

The past quarter century is full of experience in the field of experimentation and attempts by lenders, public and private, to adapt the credit facilities of the nation to more nearly serve the peculiar requirements of farming than was the case in the period previous to the first World War. Up to the end of the expansive period of farm settlement in Canada, which coincided with the onset of that war the problem of attaching human labour to abundant fertile new land was not greatly complicated by needs on the part of settlers for capital goods (buildings, machinery and marketing facilities) except those that in the ordinary course of trading were supplied by the industrial and commercial classes. Principally for the purposes of these classes the credit machinery of the country had been adapted, because the farmers' needs for direct credit had not yet fully emerged. It was no accident, nor anyone's particular fault, that the credit facilities of this country were devised and adapted first of all to meet the peculiar needs and practices of industrial and commercial classes; and that, when agriculture finally arose out of the stage of being largely a user of land and labour, with a minimum of capital requirements that the land and labour could not supply, into its modern industrial and commercial state, it became obvious that access to its share of the credit resources of the nation and the shaping and devising of appropriate credit practices was bound to entail much confusion of customary credit policies and experiment in State intervention.

A. There are two special features bearing on farm credit that arise out of the recent developments in the general and agricultural economy. One pertains to the repercussion on farm credit experiences arising out of the world depression of the 30's. The other refers to the direction in which the future producing capacity of our farm lands is now tending. The first requires that special care be exercised in assessing the farm credit experiments of the past quarter century; the second opens a new and permanent problem in the special requirements of agriculture for the future.

Both are set out under (a) and (b) below.

(a) The economic catastrophes in the period between the two wars coming at this time of necessary change in agriculture's credit needs has prevented modifications being made in the more orderly fashion that would characterize more settled times. In interpreting the credit experiences of this period, careful examination of the borrowers and state participation in the farm loaning field, as well as the concurrent policies of private lenders during the period is necessary, to distinguish between the features that were adopted and practised to meet the extraordinary conditions of the times and those measures which contributed toward a permanent improvement of the credit situation for farmers.

(b) The past exploitation of new virgin lands, the departure from the soil of that excess fraction of fertility which has contributed so much to the country's great economic position, unfortunately to the detriment of the present and future owners of the land, adds another burden of financing to the farmer on top of his customary needs of credit for his ever-expanding fixed and working capital needs for production and marketing. This is not a problem of credit to maintain and restore the man-made capital goods normally exhausted and replaced in the ordinary course of use by the competitive price process. This is something more vital - the disappearance of a natural resource and Canadian agriculture is in the position that it not only must hold present level of soil capacity, but must restore in many sections part of what was lost. The measures to be adopted for this process mean lowered immediate incomes and investments of funds that will not produce returns for many years to come. So inevitably the problems of farm credit become directly affected, and it therefore becomes obligatory that this report deal with agriculture's needs for credit for soil conservation along with the credit demands of commercial production and marketing.



PART 11

In approaching the general subject of the correct economic purposes and functions of credit in general a useful purpose will be served by quoting from the report of the Jackman Commission on Agricultural Credit in Ontario, 1920, as follows:

" But there are two forms of credit, namely, that which is used for productive purposes and that which is used merely for securing the goods which will satisfy the wants or desires of the individual. The latter we may call, in contrast to the former, consumer's credit. This has frequently come into disrepute, and has tainted the whole conception of credit. There is still a great deal of this kind of credit. A spendthrift keeps on borrowing and spending for himself and his friends until his wealth is gone. The man in need appeals to someone with money and gets credit up to a certain amount to relieve himself of his temporary embarrassment. This has been done not infrequently by kings as well as by the impecunious in lower stations of life. There are still not a few of such people who borrow - that is, who use credit, as a means of self-gratification, and of whom it can be said that 'he who goes a-borrowing goes a-sorrowing.' All this kind of credit, designed to make up some loss already incurred and to contribute to the satisfaction of the selfish desires of the individual, usually sinks the latter deeper and deeper into debt, from which he will find it increasingly difficult to extricate himself. It produces no value out of which the loan may be repaid at a later date, and it is certain that such credit should be discouraged.

" The very opposite of this improvident credit is what we have called productive credit - that is, credit which is used for the purpose of creating value. It is a credit which can be repaid out of the returns from the investment - a credit which can be employed by the borrower for increasing his wealth, over and above the amount which he has to repay as the principal and interest of the loan. The employment of credit for this purpose trains to businesslike conduct; it impresses the borrower with a sense of responsibility, and instead of weakening the character of the borrower strengthens it. Credit of this kind is required in constantly increasing amount in order to permit the uninterrupted expansion of trade and industry and of every other productive pursuit. In order that business may expand there must be an increasing employment of capital, of labour and of the raw materials of the business; and in order to secure this expansion there must be an increasing command of capital, which, in turn, is obtained through a regular system of borrowing."

" More a mere convenience - a mere improvident, risky and costly accommodation - credit has been raised to a dignified position in the world of business. By far the greatest part of the world's business is now carried on through the use of credit. The vast fabric of business at the present time rests upon the extensive use of credit. Credit is an active, dynamic, self-multiplying force, and without it there could not have been the tremendous development in industrial life and the expansion of commerce from the local to the provincial, national and international markets. If credit were to cease, the work of production would be paralyzed and nations would be unable to care for even the primary needs of their people. Anything which affects the credit of a country, or even the credit standing of one or two important business institutions of the country, affects immediately the conduct of the country's entire business and social life. Credit is an instrument which may operate either advantageously or prejudicially. In the hands of those who know how to use it properly for productive ends it may be the means of increasing personal wealth and power, as well as social welfare; but in the case of those who do not know how to use it judiciously it may be the sword of Damocles which hangs over their heads, ever threatening them with extinction."

" The word 'credit' means 'faith' or 'confidence', in its primal significance, and before an individual can secure credit in the ordinary form of a loan he must give security which will be adequate that the loan at maturity will be repaid. The lender must have 'faith' in the borrower or in his enterprise before he will make him a loan. For his faith he naturally turns to some material foundation, for, as yet, no matter how good the intentions of a borrower may be, the fluctuations of business may make it impossible for him to repay the amount borrowed at the specified time unless there is some material surety which can be used to assure this repayment. It is this problem of security which has engaged so much attention from all business men, especially from those who are acting in a



fiduciary capacity, such as bankers. Naturally, credit gravitated to wealthy men, to those who could provide the necessary security for the amounts they have borrowed. They have usually known how to turn it to the best account. It is no exaggeration to say that the most valuable benefit which wealth confers upon the business man is that it permits him the largest credit. It is but another illustration of the truth that 'to him that hath shall be given.'

Here we have a clear presentation of the function of credit in the business economy. Particularly useful is the distinction drawn between credit for productive purposes and that for satisfying consumption wants and desires. In the following discussion of the subject only productive credit is held in mind.

For purposes of creating a logical understanding of the purposes to which economic credit need be applied usefully and beneficially to agriculture, it is hoped that the following breakdown of the subject will be found to contain some merit.

#### Social Purposes of Farm Credit:

Speaking broadly, the proper social purposes of farm credit are:-

(1) To bring about and facilitate the transfer of ownership and management of farm resources from aged, physically unfit, inefficient and incapable hands to younger, more vigorous and more enterprising hands.

(2) To augment the productive facilities of enterprising producers so that their current available labour and equipment will have an enhanced volume of production at a lowered cost.

(3) To provide the financial services by which the season-caused alternate gluts and shortages of farm production are fitted to the more stable rate of farm product consumption, in order that the producer shall get his full share of the consumer's dollar.

Apart from any consideration of personal gain to individuals directly concerned, progress towards full accomplishment of these purposes means increased economic benefit to all elements in society, because there is more production of goods from the same labour and natural resources, which competition in due course inexorably passes on to all users thereof.

#### Credit a Commodity.

People who in the past spent less for immediate satisfaction than they earned thereby created a commodity in the token form called 'money', which could be turned into any material commodity or thing that others might use. People who could use more material things and labour than they now have in order to make available resources more productive create a demand for this surplus commodity in the hands of savers. Consequently a market is created for this thing called 'credit' or the selling and buying of money. This market is influenced by the same forces of supply and demand that operate in any other market. An understanding of these supply and demand forces in the credit market generally and their peculiarities of operation when applied to agriculture's unique demands would be a most useful approach to a thorough inquiry into this subject.

#### Suggestive Procedure of Inquiry.

It may not be wise or expedient to survey or review the supply and demand factors as completely separated entities. In actual practice they are not. Moreover, such a method is not necessarily imposed rigidly on us so long as we keep in mind in our examination of each separate phase of the study that supply and demand forces are inexorably at work.

In setting out above the proper social purposes of farm credit there is implied a rough classification of the subject, i.e.:-

(a) Long term credit, customarily secured by real estate mortgage for the larger capital purposes of farming.

(b) Intermediate and short term credit for seasonal productive purposes and individuals' marketing needs.

(c) Co-operative marketing credit to finance and facilitate orderly marketing of pooled farm products.

These three groups embrace farm credit needs and purposes of a settled agriculture in so far as present organization of the business creates demand for credit. There are two additional phases of



the industry in this Province to which special attention must be directed:

(1) The demands for credit peculiarly adapted to the requirements of Soil Conservation practices of the future, on which the very preservation of the industry depends.

(2) Credit for colonization and settlement in the newer agricultural sections of the Province.

The wide variety of credit use and need of the three different classes of agricultural credit first mentioned above do not require much further general elaboration. They are easily recognized and are well known in practice by the farming community as they arise automatically out of day to day farm life. This is not quite so true in respect of credit for co-operative marketing, where experience is almost totally lacking. Special consideration will be given these two subjects later in appropriate place.

Therefore there will follow some analysis of the characteristics that the peculiar nature of farming entails on any system that purports to supply adequately the legitimate credit needs of the industry.

#### Long Term Mortgage Credit.

The demand for long term credit arises out of the following needs:

(a) For increasing the purchasing power of individuals.

(1) By purchase of farm.

(2) Need for discharging claims of other heirs to an estate.

(b) For increasing the productive power of a farm.

(1) Purchase of additional land, providing the more economical use of equipment and operating capital.

(2) To provide more adequate buildings, reducing costs or losses, providing more adequate housing for labour and adding to the sale value of the farm.

(3) To establish greater income enterprises on farms, by adding orchards, stock, equipment, etc.

(4) For drainage systems that will take some years to liquidate.

(5) To provide additional capital and living expenses during the period in which better farm practices, methods and enterprises are being established but are not completely remunerative.

(c) For refinancing current debt of all kinds.

(1) Refunding unsecured liabilities to prevent peremptory demands for payment from causing liquidations of productive capital and from forcing operators to practise non-conservation methods.

(2) To meet losses incurred in periods of low prices, or as a result of misfortune, live stock and plant epidemics or family illnesses.

(3) To keep, after periods of severe depression, the present operator on the farm if he has any prospect of pulling out, should no one else be available with equal experience or known capacity.

(4) To meet losses from incapacity or inefficiency of an owner who naturally desires to hold on.

The activities covered under (a) and (b) above are essentially productive in their nature. Those activities set out under (c) are not such. These are all 'hold on' activities. By and large the extension of mortgage credit does not add primarily to the productive power of either the farm or the individual, therefore credit does not fill its natural economic function of providing for its own eventual repayment. But except for group (4) above, the provision of such credit has a desirable social aim, purpose and result. It prevents the great waste and dissipation in production and in turnover of human resources that would result from extensive liquidations and foreclosures.

There are three major characteristics of farming which determine what an adequate system of mortgage credit must contain:

(1) The annual turnover or income is a smaller percentage of the total capital involved than in any other important industry.

(2) Due to uncontrollable weather hazards, incomes from year to year fluctuate widely with little reference to management capacity of the operator.

(3) The march of time necessitates the complete refinancing of a farm by a new owner in each generation.



In adopting conclusions as to the logical solution of these formidable peculiarities into a satisfactory credit system the Commission assumes that the maintenance of the family operated farm is an essential settled policy of this nation, to which some national sacrifice and support shall be made if necessary to its preservation.

In the present circumstances, since our normal credit system has traditionally been geared to industrial and commercial organization which does not contain the above mentioned peculiarities, the recommendations which this body will make below include some features of state participation which are justified by the inability of private loaning agencies to carry along with the customary risks of loaning the additional burden of socially desirable activities. It is our considered opinion that family operated agriculture has claims for the support from the state equal to that which is now, with the full approval of society, being extended to the provision of adequate urban housing.

The return to the first peculiarity of farming mentioned above, it is obvious that satisfactory farm mortgage loans, excepting those of a small proportion of real value of the security, should have the following features:

- (a) They extend for a long period.
- (b) The cost of making the loan is moderate.
- (c) The annual interest rate must be low.
- (d) Provision for payment of annual instalments of principal.
- (e) The valuation of the security itself should be based on its potential sale value at the time of making the loan.

Points (a) and (b) above are now an adopted settled policy of most loaning agencies and need little further discussion. Borrowers, however, are not too generally aware of the merits of these features and would be wise to consider them more fully before entering into improvident contracts. Moreover, large mortgages contracted for short periods in any stable type of farming inevitably have one or more of the following results which deprive the borrower of the beneficial effects of credit; serious reduction of the standard of living; or mining of the soil to meet the payments; or difficulties and large costs of renewal and extension.

The need for a low interest rate poses some difficult aspects. A low rate in this sense means a condition in which the farm borrower is paying a rate somewhat equivalent to that paid by borrowers who can get money for long terms on security that is equivalent in repaying power over the same period. A total higher cost than this over the whole period makes the overall cost of the credit an undue burden on the farm borrower and seriously reduces his capacity for repaying the principal without undesirable effects on his living standard or his soil preservation. The inseparable risks of farming tend to make interest rates high in the ordinary competition of farmers with other classes of borrowers for the available money supply, and the result is that other borrowers who do not need as long and uncertain a time for repayment get a more favoured rate. Here we feel is a place for state intervention on the basis of public good, and assumption by the state of some of the risk of loss on farm loans appears to this body to be a more desirable principle of public support than general interest reduction by subsidy. This would assist in the procuring of farm mortgage money on as favourable terms as those granted other borrowers without the social and political repercussion of subsidies.

The need of provisions for periodical reduction of mortgage principal is peculiarly a necessity of agriculture and like the long term contract needs little further discussion here, except to point out to borrowers its highly beneficial results. It is less painful in operation than large payments, has the virtue of stimulating orderly financial habits, removes some temptations for unwise speculation and has the very desirable effect of maintaining lender goodwill and confidence in the farm mortgage field.

One of the most important sources of difficulty in farm mortgage credit is the valuation placed on the farm at the time of placing the mortgage. If such valuation is high in relation to the ability of the farm to produce revenue over the life of the mortgage, then



payments become difficult or impossible and the well known results set in, hurting both borrower and lender.

In a period of advancing prices for farm lands, boom psychology motivates both buyer and seller. The high sale price farm at the moment becomes the basis of valuation for mortgage purposes; optimism creates mortgages of a high percentage of this exalted valuation. Return to lower farm incomes finds practically all mortgages of this class in difficulties. Drastic measures and adjustments, often uneconomic state intervention ensuing to bring relief to both borrower and lender. These measures lower drastically the attractiveness of farm mortgages as a field of investment for funds. Then farmers who in the ordinary course need mortgage money at this time of reaction find credit difficult to obtain on any terms suitable to their needs.

The root of the difficulty is the use of present sale value in boom times as the basis of valuation for mortgage security. No matter how valuable this might look to both lender and borrower at the time, it is ruinous to both parties and damaging to the credit interests of all farmers in the end. The only sound basis of valuation of a farm for mortgage purposes is its income producing capacity over the life of the mortgage.

#### Weather Hazards and Farm Mortgages.

The effect of climatic and weather conditions on year to year variations of farm incomes must be taken into careful consideration in devising suitable contracts for farm mortgages. With the best of intentions and under good management, borrowers often find it impossible for this reason to meet part or all of even moderate yearly payments on their instalments. To meet this difficulty mortgage contracts might well include provisions which automatically make the necessary adjustments, such as (a) extensions of the unpaid instalment or part thereof into the next year; (b) increase of all succeeding instalments by the appropriate proportions of the deferred one; (c) extending the payment to the end of the mortgage contract.

These are not only workable provisions but they are in line with the adjustments often made voluntarily between borrowers and lenders of goodwill to meet similar conditions. Another useful provision that should be incorporated in a mortgage contract is opportunity in good years for the borrower to pay in a larger amount than that particular year's instalment. This excess payment should be considered as payment in advance against a possible future year when the instalment might be difficult to meet. Interest should be credited the borrower on such extra payment at or about the mortgage rate.

#### Establishing Young Farmers.

The Commission is moved to make some recommendations for special mortgage credit to assist experienced young farmers to establish themselves on farms. This body feels that there is an element of the public welfare to be served in this field that is as important for society's future as the provision for adequate urban housing. In our opinion the maintenance and preservation of the family owned and operated farm is largely dependent on some measure of public support designed to give a fair start to the potential head of a farm-operating family, both to own a farm and to have a reasonable provision of essential working capital which in ever-increasing amounts will be necessary for efficient production in modern, mechanized, commercial agriculture. Otherwise, mounting needs for working capital will inexorably force apart the time honoured farm worker from farm ownership.

As mentioned in earlier pages, one of the peculiarities of the organization of farming is the complete switch-over that comes with each generation in the ownership and direction from an older individual to a younger man. In the majority of cases, the bulk of the estate is represented by the land and the equipment and stock necessary to carry on the farm operations. Only in rare instances can the farm be carried on successfully by all the beneficiaries as a group. Management and ownership must be lodged on one person. That person, therefore, must arrange to find the funds to discharge the interest of the rest of the claimants. Usually there is no part of the assets that can be liquidated without crippling seriously the farm's capacity



to produce income. The fact that the date of distribution of the previous owner's estate is postponed during the latter's lifetime does not alter the difficulty materially. This picture of ownership and direction lodged on one man is characteristic of agriculture alone among all our economic groups and is the core of the system of family operated farms. It entails a complete re-financing of the business in each generation, therefore special consideration of the credit facilities necessary for its sound accomplishment is more than amply justified.

Another important aspect of this question is the supply of young farmers with adequate experience to justify the extension to them of special credit for establishment purposes. Certainly if extraordinary or unusual financial help is to be extended to any particular person for a particular purpose, it is fundamental that that person shall have the capacity and experience necessary to discharge that purpose.

Farming, because of the close association of home and business, naturally trains in the practice and technique of farming all those born in agriculture. Moreover, there are more people born in agriculture than can find a life occupation in agriculture. Of all the youth reared on farms not all are equally fitted for successful farming. It follows that there are some farms where more than one of the youth therein are adaptable to farming and other farms where none of the family would be capable or interested in farming. There is a definite social loss to society if potentially capable farm youth are denied the opportunity of acquiring farms from owners whose own sons are more fitted for other activity.

Therefore, any special credit services for the periodic refinancing of farms should extend properly to putting the most capable of the new generation on the old farms irrespective of family relationship.

Adequate provision of credit to meet these needs will require some departure from orthodox credit principles and practices. Material security will be lower than is commonly recognized as necessary. Therefore moral security as represented by experience and evidences of capacity in farming will have to be demonstrated by the potential borrower to a high degree. Desire to carry on an inherited farm or just a wish to go farming should not be important qualifications for benefits that arise from public support.

Some sharing by the state of the risks that arise from the above situation is what the Commission proposes to recommend, along with some type of supervision not normally practised in loan operations. The manner in which this may be achieved will be set out in the analysis of the supply of credit funds which follows:

#### Supply of Mortgage Funds.

The discussion up to this point has been confined to an inquiry into the conditions and terms that are necessary in a system for meeting agriculture's special credit needs. Now it is necessary to explore the problem of getting the money. As matters now stand in Ontario the sources of money for new mortgages are divided into three classes:

(1) Private individuals or estates who choose farm mortgages as an investment for their surplus funds. This may be a matter of preference over other types of investment because they understand mortgage investment or because they can "watch the security". In many cases mortgage funds supplied by this class are placed in the near locality of the lender. In areas, therefore, where there are no such lenders this supply is not available to borrowers. In the total of all mortgage activity this source of funds is a very important substantial proportion.

(2) Vendors of farms and sellers of farm supplies and equipment are a prolific source of mortgage funds. Their mortgage operations are not primarily for investment but arise as an adjunct to other business transactions. The prospect of a good sale price for a farm, or blood relationship with the buyer, or lack of demand for farms at the time a sale is needed will often move the seller to take back a large mortgage as part of the purchase price, sometimes on terms



actually favourable to the buyer, often not so favourable when time comes for repayment, too often not for a long enough period in the best interest of the borrower. Too often the vendor's age is such that the early liquidation of his estate precludes making the adjustments that must be made to fit more nearly the capacity of the borrower to repay. Nevertheless, this class of mortgage fund is and will continue to be an important permanent factor in credit activity. This is especially true in the case of special crop farms selling at a high price in relation to their acreage. These high prices arise out of favourable soil and market conditions, are highly speculative and subject to special market risks. For this reason there is not so much justification for extending to the people involved in this class of farm trading the public concern that may be desirable and necessary to the more stable types of farming which are denied the opportunity of high annual money income.

Sellers of farm materials and equipment are at times moved to take mortgages back on the purchase price of farm sales. This activity arises out of a primary interest in making sales and not at all for investment of the funds arising out of the sale. The mortgagor in these cases is usually least able and willing of all classes of mortgagee to grant terms and conditions that are in the best interest of the borrower. For this reason, borrowers are usually well advised to resort to this supply of funds only when no other alternative of getting the accommodation is available.

(3) Commercial banks of this country by law are not permitted to participate in real estate mortgages as a primary investment. They do hold mortgages, however, which have been taken as additional security for loans already made to farmers and which have gotten into doubtful position.

(4) Trust, insurance and mortgage companies are such an important source of farm mortgage funds that they merit considerable study, not only for their present participation in this field, but more particularly for the possibility of making more available for agricultural credit purposes that great pool of investment funds which these companies assemble from all classes of citizens than has been possible in the past.

The large amount of funds which these companies have for investment along with their experience and knowledge of the mortgage business indicate that efforts directed toward making these facilities more readily adaptable to agriculture's needs are worthy of the deepest consideration. To begin with, some of the limitations which restrict their fullest participation arise out of their obligations to their depositors and policy and debenture holders. They cannot generally afford to take more than business risks in their loan operations. Consequently any social or public welfare needs that are to be served must be assumed by the state, or the farming industry as a whole as an adjunct to or part of their loaning operations by some sharing of the added risks entailed. For instance, if the essential requirement of extra long terms for farm loans means, as it does, the calculation and allowance for conditions in the long and unforeseeable future, some provision for adjustment of the investment, when any uncontrollable crisis occurs as in the recent depression, is essential. Some central discount agency or mortgage bank, to the capital of which both the loaning agencies and the state would contribute, is suggested to serve this purpose. Likewise if the supply of farm mortgage money at a moderate rate of interest a public necessity and the risk involved in making loans large enough in proportion to the value of the security to serve the borrower's purpose lowers the attractiveness of farm loans to this class of lenders, the state might well assume a part of the risk a moderate upper fraction of the loan.

These loaning companies do not and may not serve all farming sections equally. Their normal tendency is to seek business where the type of farming is stable and well-established, where loans of reasonable size and sum concentration can be made in order to keep down expense of placing and servicing the loans. They are not attuned to areas of low farm values or to isolated sections where loans are few and small. They do not serve new settlements on the one hand nor do they supply all the requirements of the highly speculative types of farming. It is possible that this situation will continu-



to some degree, even if they become more active in the whole farm loaning field.

Very recently some of these companies are becoming interested again in farm loans after a period of non-activity brought on by the chaotic conditions of the depression and the appearance in this field of government farm loan systems.

State Farm Loan Agencies.

There are available today to Ontario farmers mortgage funds from the Canadian Farm Loan Board. This is now the only government agency making farm loans in Ontario. Prior to 1935, the Government of the Province, through the Agricultural Development Board, made loans to farmers of the Province for about 13 years. The provinces of Saskatchewan and Manitoba had similar loaning agencies during approximately the same period. All have now suspended loaning operations except those arising out of the resale or refinancing of properties already mortgaged before lending was suspended. On the reasons in detail for the suspension of the Ontario scheme this body does not intend to dwell at great length. Obviously the financial losses incurred by operations up to the time of suspension was the principal one. In regard thereto the following comment may not be out of place. In the same period, even the strongest and most experienced lenders had equivalent difficulties and faced similar substantial losses. It was inevitable that a lending institution just recently set up and thereby lacking essential experience should suffer more than the older agencies. This is particularly true in that it was a government agency charged with effecting desirable changes in farm loan practices and in making loan funds available in farming areas hitherto lacking them entirely. That it was a government body going into a new business did not mitigate the trouble that ensued. Nevertheless the Commission leans to the opinion that the suspension of further loaning by the Agricultural Development Board was justified. To see that Canadian farmers as a class are provided with adequate credit facilities is a proper responsibility of the federal authority. Basically credit resources spring from the competitive relationships of all the economic classes within the nation and herein provincial boundaries are not adaptable. Provincial measures for the supply of credit find their natural function in those fields of special activity wherein the farmers of the province have needs differing from those of Canadian farmers generally. Since the Federal Government had its Farm Loan Board in operation at the time, the suspension did not deprive the Ontario farmer of any essential credit service that the Ontario scheme was providing.

There have been many valuable results in the operations of the Provincial scheme and being continued in the activities of the Federal Farm Loan Board. They have been the means by which the principle of long term farm loans has been established as a workable policy. They have gained much experience in making adjustments of yearly instalments to fit year to year variations of income due to weather hazards. They have been a valuable help in refinancing mortgagors who had unsuitable mortgage contracts with other lenders. They particularly have been the means of supplying needed mortgage funds in areas where there was no other service available even for the most conservative scale of lending. They have been most effective "pace-setters" in so far as they have forced other lenders who compete in the business to adopt these desirable features of mortgage contracts. In this way the betterment of the whole farm mortgage situation has been expedited.

In the domain of providing money without loss at a low rate of interest their success has not been so outstanding. The provincial schemes certainly did not charge or collect enough interest to cover losses. To what extent they failed to do so it is impossible to determine, because of the difficulty of weighing the uncontrollable losses caused by depression and impossibility of assessing the degree to which more experienced management might have reduced losses. In this connection the Federal Farm Loan Board which did not have a large pre-depression investment has loaned at a moderate rate of interest successfully by following a conservative loaning policy. It may be charged that the Federal Loan Board has not been as successful as it might have been in giving effect to the state's responsibility for furthering adequate mortgage facilities for all



purposes, but it must be pointed out that it can lend for the purposes set out in the legislation only, that these purposes are restricted to the customary commercial uses to which mortgage funds are put, that a repetition by the federal project of the large losses incurred by the provincial agencies might produce damaging hostility on the part of the public.

Neither does the much wider and longer experience of the United States federal farm mortgage schemes demonstrate that long term, flexible instalment mortgage money, fully adequate to meet agriculture's legitimate needs at a low rate of interest, can be supplied without some measure of state subsidy. Here again it is difficult to weigh up accurately, from that country's experience of the last ten years, how much of the national treasury's contribution to the United States Farm Loan Administration was due to the uncontrollable depression causes and how much was due to the extraordinary re-financing of farm mortgages generally which was practised there to accomplish the purpose performed here by the Farmers' Creditors Arrangement Act which threw the losses of adjustments on to the lenders exclusively.

It appears that some risk must be assumed by the state if farm mortgage money is to be supplied at a moderate rate of interest. It would appear that, if all sections of the farming community are to have access to mortgage facilities and service, and if some "pace-setter" is necessary to determine and uphold suitable mortgage terms and conditions, the Federal Government should continue in the farm mortgage field. It would appear that a wide pool of loanable funds could be made available for agricultural purposes at equally low rates if some of this risk-bearing were available to the operations of the large institutional lenders who assemble the public's private funds for long term investment. Access to this pool of funds and to these lenders' experience, along with the disciplinary pace-setting operation of a competitive government agency would, in this Commission's opinion, be the soundest and safest foundation for a farm credit structure.

#### RECOMMENDATIONS

The foregoing analysis of agriculture's long term (mortgage) credit needs leads the Commission to the following specific suggestions:

(1) That the national government continue to provide through the Federal Farm Loan Board, the general needs for credit to those farmers and those farming sections where circumstances do not make attractive lending by private lenders; and furthermore to provide a competitive agency to set the pace in assuring that appropriate terms and conditions of mortgages shall be maintained.

(2) That provision be made, in respect of farm mortgages required for the purchase of farms, farm capital expenditures that will increase the net income and amenities of living thereof, and the practice of appropriate soil conservation measures, for widening the opportunity of access to the supply of the private investment funds of the nation. To effect this purpose, the state would assume some portion of that risk in the mortgage, arising from making a mortgage at a higher percentage of the value of the security than orthodox practice would warrant. The principle involved is similar to that which obtains in the operation of the National Housing Scheme. The social purposes to be served are also of the same order. The Province of Ontario might well use such a system to give effect to any class of loan designed to meet special Ontario needs.

(3) That the provisions of the Central Mortgage Bank contemplated under the Federal Farm Loan Act be put into operation at an early date in order that private lenders of all kinds may find farm mortgages of long terms and moderate rates of interest more attractive because some discount facilities are available as security against the unforeseeable hazards of a long term contract. Moreover, the operations of some such discount facility could be expected to go some distance toward avoiding the farm mortgage credit deterioration arising out of such devices as the Farmers' Creditors Arrangement Act should conditions again arise demanding the adoption of such relief devices.

(4) That special provision be made by the Province of Ontario to assist young experienced farmers to establish themselves on farms



in cases where such young person has a smaller amount of capital to contribute than is considered desirable under orthodox lending practices. This could be accomplished by the Government assuming part of the risk of the excess loan involved, by arrangement with institutional lenders, with the Federal Farm Loan Board, or with other appropriate private lenders willing to co-operate in a scheme that would embrace a selective system of qualification for such loans and some appropriate exercise of supervision over the borrower's financial and farm operational practices until the loan is at a level at which the material security would cover the risk, judged by traditional standards.

#### CO-OPERATIVE CREDIT AGENCIES.

At this point it may be interesting to inquire into the possibility of providing long term credit by some form of co-operative effort and organization among farmers themselves. This procedure has intriguing possibilities, for it looks entirely possible that the entire credit resources of all farmers should be large enough, if properly assembled and integrated, to provide both the volume and suitable condition of loans needed by that proportion who need to borrow from time to time. Moreover, there are undoubtedly some very effective systems of such co-operative action, particularly in some European countries.

As examination of these systems, however, shows some basic situations associated with their beginnings which do not exist in such compelling degree in this country. A fundamental for successful co-operative action for any purpose is the similarity or identity of interest of all the co-operators, both in the object to be achieved and the financial results when achieved. Keeping in mind, therefore, that our Ontario farmers are historically independent land owners, that general farm land so far has little asset value except for its association with human labour and capital improvements, that farmers have some access to considerable sources of credit inside and outside of agriculture, and that there is an almost universal aim among our farmers to get mortgages paid off and there is always a large proportion of farmers here clear of mortgage debt or substantially so, we can have a clearer understanding that the provision of farm mortgage facilities by co-operation among farmers are more difficult of attainment here than was the case when the same end was accomplished by European agriculture existing under the following conditions:

(a) In some countries the land owners were required by central authority to pool their credit resources for the benefit of all farm owners and the subsequent development of small owner tenants from these large estates perpetuated the co-operative credit system thus started.

(b) In other countries the absolute lack of any kind of credit except under ruinous terms forced farmers to join together to get even a minimum of credit services.

(c) Vigorous state direction and financial aid was extended, in other instances, toward formation of such credit societies.

(d) In some countries the pressure of large populations on restricted farm land area created a social and economic asset value to land so that the continuance of a moderate measure of permanent mortgage debt on a majority of farms became a fixed social institution.

These compelling circumstances tended to bring about conditions by which the interests of all farmers in a given area were identical in respect to the need for and use of credit. Hence the relative ease with which the co-operative philosophy and method was put to work to serve this need. In this country neither official decree nor vigorous state direction and aid has been practised. Long term credit facilities of some kind, even if imperfect, have been available, often adequate for the needs of a large proportion of the farmers. Here, also, at any time a fair percentage of farmers do not require mortgage loans.

It is therefore not surprising that the problem of providing farm mortgage facilities by co-operative action among farmers themselves has been up to the present time largely an academic one, and the Commission does not at the moment lean toward strong commitments thereto. The co-operative device that serves the farmer so well in his marketing and supply activities, where the interest of all



individuals qualified to participate are identical, has much less opportunity of ready adoption, as a credit device, among all farmers, many of whom are not borrowers at all and most of the rest to not intend to be in the class of permanent borrowers.

Hope is expressed in some quarters that the expansion of credit unions in this province may create a supply of investment funds available for long term mortgage loaning peculiarly fitted to agriculture. If farmers generally adopt this method of assembling and using their current reserves and savings and build them up to the extent that it is necessary to seek some long term investment for them, it is possible that investment in farm mortgages may be somewhat attractive, because of the members' knowledge and understanding of farming needs. It is difficult at this early stage to prophesy the future course of the Credit Union in Ontario. Some reasonable doubt is held legitimately that a device so admirably appropriate for serving the needs of small, and regular savers from steady incomes and the personal needs of borrowers and their closely associated neighbourhood activities, both capable of making frequent regular repayments, may not prove so well adapted to the more widely fluctuating income and repayment conditions of a commercial agriculture.

#### B. INTERMEDIATE AND SHORT TERM FARM CREDIT.

The uses to which this class of credit in agriculture are put are distinguished from the long term mortgage credit just discussed by the fact that they are generally those uses associated with the shorter cycle of seasonal production rather than with the long time process of farm purchase or periodic refinancing, or supplying the principal fixed capital requirements (buildings, etc.) that liquidate themselves slowly over a period of years. Listing these credit requirements roughly in order of the period for which credit is used, starting at the shortest, we find a large number and variety of uses served by short and intermediate credit which justify us applying the definition "Production Credit" to those activities which provide:

- (a) Wages for hired labour and family living expenses pending the sale of the current season's production.
- (b) Seed, feed and fertilizers for immediate season's production, as well as supplies and current repairs to equipment necessitated by the season's operations.
- (c) Purchase of livestock for future resale or for moderate additions to work stock or producing herds and flocks.
- (d) Purchase of machinery and equipment that is expected to pay for itself over a year or two, or which the farm income is adequate to liquidate in that time.
- (e) Major repairs to and improvement of buildings, additional drainage, fencing, etc., electrification and living amenities and higher education. The credit devoted to these ends may not necessarily be repaid out of increased incomes from the added facilities for production within the time for which the credit is contracted. To that extent in some cases recourse to mortgage credit might be more economical and less risky. But in the case of those farmers who have expectation of some surplus income from their overall production of two or three seasons, or can curtail for that period some other customary expenditures of production or living, the use of short term credit is generally justified.

There are three characteristics of Production Credit that distinguish it in some measure from mortgage credit. Firstly, the short term does not involve so many unforeseeable hazards of production, markets, fortune in the life, health or capacity of the borrower, or in the satisfactory nature of the investment to the supplier of the credit. As a consequence there is a lesser need for tangible material security for the credit and more opportunity for the exercise of those personal elements of moral security that derive from known integrity, judgment and capacity of the borrower. Secondly, there is a wide variety of sources of production credit. Not only are our chartered banks equipped to supply cash funds for these purposes, but as the above list discloses, production credit for nearly all purposes is available from most of the suppliers of the goods and services herein enumerated. There is, therefore, a greater choice of sources of production credit available, and the selection of the most desirable source becomes a matter of some considerable moment.



Thirdly, the improvident extension and use of this kind of credit is the most fruitful source of debt difficulties of farmers, as it is with all other classes of citizens. As registered security, and public notice thereof, which is always taken in mortgage security is, except in certain specific machinery items, rarely taken in the sale of goods and services to farmers, the suppliers individually work largely in ignorance of the total amount of credit extended by all sellers, to any individual farmer.

Sources of Production Credit.

In addition to the moderate amount of credit that arises out of family relationships and the customary assistance and trading among neighbours, there are three fairly well defined sources of production credit available to all farmers:-

- (a) Merchants and dealers of all kinds who supply the farmer with the materials for production and living largely on open account, sometimes supplemented by promissory notes or the assignment of the proceeds of sale by the debtor of some definite product.
- (b) Dealers in articles of farm and home equipment, who hold some control over the title to the article itself as added security for the credit.
- (c) Lenders of cash funds of which the universal example is the commercial chartered bank.

Some credit is also available through the Federal Farm Loan Board, which has some restricted powers, by taking second mortgage security, to loan to farmers whose first mortgages the Board holds, for certain purposes that come within our definition of production credit. In addition, through the medium of settlers' loans, funds for certain purposes are advanced by the Ontario Government to farmers in the newer parts of Ontario.

Merchant and dealer credit is of such common experience that little can be gained by a detailed recital of the infinite variety of terms and conditions under which it is supplied. But there is one general principle behind its operation which requires a greater measure of understanding than has hitherto been common. This class of credit arises out of the primary activity of selling goods. Therefore, being an adjunct to merchandising it has features derived from keen and wasteful competition for selling volume and from the fact that the suppliers of the credit are merchandisers of goods and not of credit, that makes this class of credit too often very expensive and not well adapted in terms and conditions to the farmer's real needs. The remedy for this condition appears to be a more vigorous development by farmers and their urban neighbours in farming communities of sound co-operative action is wider than was indicated in discussing mortgage credit. All farmers, at nearly all times, are directly concerned and that interest continues from year to year. Moreover, in such enterprises, many of the goods and services are purchased and used by the non-farming population within farming areas. Moreover, the concentration of business transactions by the farmer within a limited number of supplying agencies in place of a dispersal thereof among a large number of separately operating agencies will undoubtedly tend to lessen much of the improvident farm financing which beclouds the credit skies. More detailed discussion of the development of Production Credit will follow in that section of the report dealing with credit for co-operatives.

A special feature of that class of production credit supplied by the sellers of articles on which security is taken at the time of sale is the development of finance companies to handle the repayment features of the contract. Some of these are institutional, or in effect subsidiaries of the supplying companies, others are separately financed agencies. To the extent that some of the adverse conditions of merchant or dealer credit have been improved by putting the administration thereof in more competent hands this development has been beneficial. However, it has not eliminated the adverse and expensive conditions that arise out of the uneconomic competition in the original sale of the article.

Production Bank Credit.

Our chartered banks have all the primary qualifications necessary for providing Ontario Agriculture fully with its legitimate production credit funds, if the appropriate conditions can be



obtained for their most effective use in this field. Our branch banking system makes ample commercial funds available in the remotest areas and to the most isolated farmer, regardless of the local supply of current funds. The ten year renewal of their charters by the National Government makes possible the periodic introduction into their policies of measures designed to make the banks serve the needs of the business community more adequately. Further, the necessity of promoting the welfare of agriculture as a necessary social policy has become as thoroughly recognized among our bank policy makers as by other elements of society. Somewhat allied to this conviction is the fact admitted by prominent bankers that in the past our banks have not fully seized all opportunities that were presented for profitable participation in farm loaning, and that the banks have not provided to agriculture its full share of the general business stimulation and support which is their admitted responsibility within the limits of their position as trustees for depositors' funds. Finally it is noteworthy that the inherent strength of our banking system is such that in times of financial stress no credit worthy borrower of any economic group may lack credit facilities because of national or regional financial stringency.

Study of the extent to which farmers now use the services of banks for supply of production credit discloses two interesting situations. Firstly, recourse to the banks is more generally practised by farmers whose production is that of the special crops and commodities of high value, and with a cash market before further processing feeding. Secondly, that there are large numbers of very credit worthy farmers unaware of the services the banks can render and consequently do not avail themselves of this source of credit. Regarding the first situation, it might well be pointed out to bank policy makers that an earnest study of the credit needs of those farmers following the characteristic mixture of primary and secondary production which gives them the designation of "mixed farmers" or general farmers, would disclose opportunities for attractive business. It is true that special crop production, with a seasonal cash sale in the near future, presents credit aspects in the way of large loans and plainer market prospects, somewhat similar to the industrial and commercial banking services with which bankers have hitherto had most experience. It is also true that this class of production is more speculative and therefore more credit-hazardous. The mixed farming business on the other hand is more stable and on mass presents opportunities for a large total volume of business, even though the loan units would generally be small.

It is unfortunate that there are so many farmers eligible for bank credit but do not use it. Without apportioning the blame for this situation among the parties it should be sufficient to say that wherever possible it is wise for the farmer to use the bank up to the limit of his credit qualifications for his production credit needs. First of all, it is cheaper to pay cash for goods and services than to use the credit of suppliers. Secondly, the banks are experienced merchandisers of credit and their granting thereof is not complicated by interest in the sale of the supplies purchased. Thirdly, all the credit transactions of the borrowers are concentrated in the hands of one lender, willing and able to give sound advice as to the operation of the credit transactions. Finally, as the banks are by virtue of their long practice the most competent people to judge of that element of loaning called the "moral risk" and as the growing complexities of agriculture are forcing the use of more and more working credit to make farming profitable, the more widespread use of the banks as a supplier thereof will tend to more economic use thereof and help to eliminate the abuse of improvident credit.

This report has not so far suggested any special measures of production credit that require state support to give effect to necessary special requirements of agriculture in which there is an element of state responsibility. There does not appear to be the same lack of loanable funds available on terms peculiarly suited to agriculture as is the case in long term mortgage. Moreover, many of the goods and services for which production credit is used are procurable on credit from the sellers thereof. The most attractive avenues for improvement in the supply of this short term credit,



point, as has been suggested, to:-

- (1) A more general adaptation and use of our commercial banking facilities within the boundaries of their present set-up, and
- (2) A fuller development of the practice of co-operative buying of farm requirements.

However, there are two aspects of farm life emerging into view which have considerable content of state responsibility. One is the admitted need for especial measures to make available under workable terms the supply to farms of certain living amenities, such as farm electrification and home improvement. The other is the undubted responsibility of the state to assume some portion of the burden of those soil conservation measures that lie within the individual farmer's capacity to perform and from which he personally will eventually benefit. Some sharing by the state of temporary reduced income and of delayed liquidation of the loans on the principle of the Home Improvement bank loans, is hereby recommended. For the carrying out of such projects our banking system is especially suited, while to the extent that a greater amount of contact between farmers and bankers would thereby be promoted, both parties would be the gainers.

### Part III

#### Credit for Farm Co-operatives.

Up to this point the discussion has dealt with the needs of farmers for credit to conduct their producing activities. Necessarily such characteristics as seasonal production, weather hazards, slow turnover of capital, wide variety of producing skills and the division of the industry among a large number of small owners, were important factors in exploring and determining the credit needs for production. When it comes to marketing the fundamental credit conditions change in every important aspect except the personal credit-worthiness of the borrower, i.e. the moral factor. The goods themselves are no longer subject as respect their quantity and quality, to some extent, to the vagaries of weather. They are in fewer hands because the marketers invariably handle the goods of a number of producers. At each point in the chain of marketing services they are closer to eventual sale and subject to less risk as to the eventual price. The banks provide the necessary credit facilities to further the course of the goods along no matter who is performing the market services. They therefore have constant experience and knowledge as to the peculiar needs for credit of each type of product. This knowledge is of course much more complete than their knowledge of the complexities of farm production.

By and large if a new co-operative could stand in exactly the same position as a private firm handling the same goods, it could equally command the same borrowing power. A co-operative would require the same volume of owned assets or security and an equal amount of demonstrated capacity for skill, management and judgment, an equally good title to the goods concerned and handle them the same way as the private enterpriser before it could borrow as much on the product handled. But a new co-operative particularly can rarely meet any of these conditions no matter how desirable its objectives or the extent to which it is necessary in the public interest that it get into operation. Given time to meet these conditions, any successful co-operative gets into the position of having its credit needs satisfied in the open credit market as any private enterprise.

Therefore the need for special credit facilities for co-operatives arises out of their disadvantages in the open credit market at the time of their formation and in their earlier years of operation. The function of co-operative marketing is not only to render marketing services more economically than equivalent private enterprise but more importantly to render them more efficiently in the sense of increasing demand for the particular product or promoting stability in the market wherever it is impossible under the realities of private competitive trading among a mass of uninformed judgments of producers working separately. This is the basic economic function of co-operative marketing and insofar as and whenever it performs this service with success, society benefits along with the producer by lowering the total of the human effort used up in getting goods from producer to consumer.



But in order to be successful a co-operative must first get a start. The disadvantages in the credit market while getting that start were pointed out above. Those disadvantages have to be paid for. The payment thereof must be shared in proper proportion by those who get the benefits. The beneficiaries are three in number. First the farmer, by putting up capital to get the job done and by waiting for a portion of his returns longer than if he sold outright can make his contribution. Second, society acting through the government owes an obligation to make up part of the credit disadvantage at the outset by some form of realistic loan or guarantee. Thirdly, the banks have the responsibility of sympathetically providing sound guidance of co-operatives while they are learning the financial processes of marketing, as well as the responsibility of matching every forward step toward credit capacity of the co-operative with as liberal accommodation as would be done to private interests.

The Province has in operation a system of loans to co-operatives for the provision of storages, warehouses for grading and conditioning that can be supplemented by federal grants where refrigerated storages are involved. The Commission recommends that this system be expanded to fill a wider variety of need, and to raise the present maximum loan of \$5,000 under the Co-operative Marketing Loan Act to co-operatives to a maximum of at least \$25,000. The loan experience under this plan has been on the whole very satisfactory as losses have been negligible considering the total risks assumed. The Province, under the Co-operative Marketing Loan Act, has a system of government guarantees of bank loans on farm products moving through co-operative marketing agencies which at the present time seems to be adequate to meet demands but may need to be liberalized to meet after war conditions.











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